

CITY OF CARROLL

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

JUNE 30, 2023

Feldmann & Company C.P.As., P.C.

**523 North Main Street
Carroll, Iowa 51401**

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City of Carroll Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------------------|-----------------------------------|---------------------|
| Mark Beardmore | Mayor | December 31, 2023 |
| Tom Bordenaro | Council Member - Ward 1 | December 31, 2025 |
| Misty Boes | Council Member - Ward 2 | December 31, 2023 |
| Kyle Bauer | Council Member – Ward 3 | December 31, 2025 |
| Carolyn Siemann | Council Member – Ward 4 | December 31, 2023 |
| | Mayor Pro Tempore | |
| J J Schreck | Council Member – At Large | December 31, 2025 |
| LaVern Dirkx | Council Member – At Large | December 31, 2023 |
| Aaron Kooiker | City Manager | June 30, 2023 (1) |
| Laura Schaefer | City Clerk, Treas. & Finance Dir. | June 30, 2023 (2) |
| Debra K. Goetzinger | Deputy City Clerk | June 30, 2023 (2) |
| Randall M. Krauel | Public Works Director | June 30, 2023 (2) |
| Chad Tiemeyer | Parks and Recreation Director | June 30, 2023 (2) |
| David S. Bruner | City Attorney | Indefinite (1) |
| Brad Burke | Chief of Police | June 30, 2023 (2) |
| Dan Hannasch | Fire Chief | June 30, 2023(2) |
| Wendy Johnson | Library Director | June 30, 2023 (2) |
| Lisa Auen | Library Trustee | December 31, 2025 |
| Dale Schmidt | Library Trustee | December 31, 2025 |
| Brenda Hogue | Library Trustee Sec. | December 31, 2024 |
| Thomas Parish | Library Trustee Vice Pres. | December 31, 2024 |
| Marcie Hircock | Library Trustee | December 31, 2024 |
| Keith Cook | Library Trustee | December 31, 2028 |
| Ralph Von Qualen | Library Trustee | December 31, 2028 |
| (County Representative) | | |
| Julie Perkins | Library Trustee | December 31, 2028 |
| Summer Parrott | Library Trustee President | December 31, 2026 |
| Greg Siemann | Airport Commissioner | December 31, 2026 |
| Norman Hutcheson | Airport Commissioner/Chairman | December 31, 2028 |
| Gene Vincent | Airport Commissioner | December 31, 2023 |
| Richard Fulton | Airport Commissioner | December 31, 2024 |
| Kevin Wittrock | Airport Commissioner | December 31, 2024 |

(1) Not Elected - No specific term - Employment Agreement is in effect until terminated by either party.

(2) No specific term - Salary approved to the date shown.

Feldmann & Company C.P.As., 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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Carroll, Iowa, as of and for the year ended June 30, 2023 and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carroll at June 30, 2023, 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 for Opinions

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

Basis of Accounting

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City of Carroll adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Carroll's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Carroll's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carroll's basic financial statements. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit section of this report, the financial statements for the twenty-five years ended June 30, 2022, (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial 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.

Other Information

Management is responsible for the other information included in this report. The other information comprises the 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 50 through 60 but does not include the basic financial statements and the auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2023, 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.

Tellman, & Company CPAs, P.C.

September 26, 2023

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, 2023. 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 13.4% or approximately \$2,481,000 from fiscal year 2022 (FY 22). The main reasons for the increase were more debt was issued and more unrestricted investment earnings was received in FY 23.
- Disbursements of the City's governmental activities decreased \$2,314,000, or about 12%, from FY 22. Less debt service payments was the main reason for the decrease.
- The City's total cash basis net position increased about 21%, or approximately \$5,444,000, from June 30, 2022 to June 30, 2023. Of this amount, the cash basis net position of the governmental activities increased approximately \$4,770,000 and the cash basis net position of the business type activities increased approximately \$674,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property taxes, user fees, and state and federal grants finance most of these activities.
- Business Type Activities of the City include water utility, sanitary sewer utility and storm water utility systems. 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 Fund and Local Option Sales Tax Fund, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

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

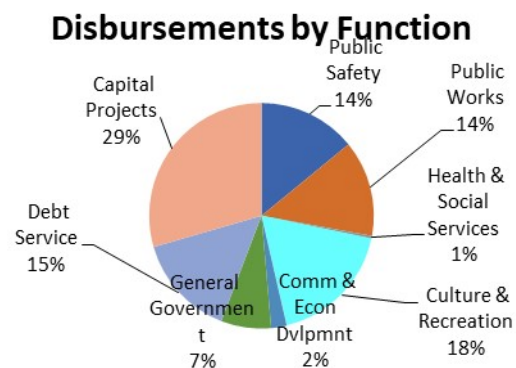
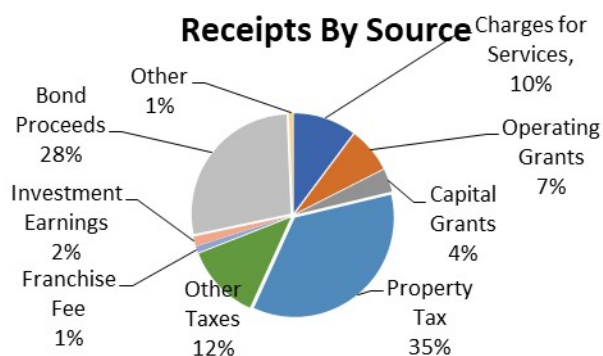
Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$15.492 million to \$20.262 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

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

| | 2023 | 2022 |
|---------------------------------------------------------|-----------|-----------|
| Receipts & Transfers: | | |
| Program Receipts: | | |
| Charges for Services & Sales | \$ 2,142 | \$ 2,120 |
| Operating Grants, Contributions and Restricted Interest | 1,530 | 1,801 |
| Capital Grants, Contributions and Restricted interest | 787 | 846 |
| General Receipts | | |
| Property Tax | 7,441 | 7,432 |
| Other Taxes | 2,569 | 2,487 |
| Franchise Tax & Fees | 214 | 205 |
| Unrestricted Investment Earnings | 337 | 67 |
| Bond Proceeds | 5,796 | 3,419 |
| Other General Receipts | 138 | 96 |
| Total Receipts | 20,954 | 18,473 |
| Disbursements: | | |
| Public Safety | 2,392 | 2,460 |
| Public Works | 2,336 | 2,201 |
| Health & Social Services | 69 | 81 |
| Culture & Recreation | 3,076 | 3,140 |
| Community & Economic Development | 382 | 201 |
| General Government | 1,222 | 1,090 |
| Debt Service | 2,496 | 5,400 |
| Capital Projects | 5,000 | 4,714 |
| Total Disbursements | 16,973 | 19,287 |
| Change in cash basis net position before transfers | 3,981 | (814) |
| Transfers, net | 789 | 739 |
| Change in cash basis net position | 4,770 | (75) |
| Cash basis net position beginning of the year | 15,492 | 15,567 |
| Cash basis net position end of year | \$ 20,262 | \$ 15,492 |



The City's total receipts for governmental activities increased by 13.4% (\$2,481,000). The total cost of all programs and services decreased by approximately \$2,314,000, or about 12%. The primary increase in receipts is mainly due to the more debt issued in FY 23. The decrease in disbursements is mainly due to less debt service payments in FY 23.

With a slight increase in the property tax rate for FY 23 and a decrease in taxable valuation, the City generated only approximately \$9,000 more in property tax revenue (including TIF collections). The City's total assessed valuation increased about 1.13% from FY 22 with the residential rollback decreasing 2.2792%. Based on a slight increase in the total assessed valuation and an increase in the property tax rate, property tax receipts are budgeted to decrease about \$60,000, or -0.95%, in FY 24.

The cost of all governmental activities this year was approximately \$16.973 million compared to approximately \$19.287 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 approximately \$12.515 million because some of the cost was paid by those directly benefited from the programs (\$2.141 million) or by other governments and organizations which funded certain programs with grants, contributions and restricted interest (\$2.317 million).

The City paid the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts including hotel/motel tax, local option sales tax, cable franchise fees, interest and other miscellaneous receipts. Overall, the City's governmental activities program receipts, including governmental aid and fees for service, decreased in FY 23 from approximately \$4.767 million to \$4.459 million, principally due to a decrease in operating and capital grants.

Business-Type Activities

| Changes in Cash Basis Net Position of Business-Type Activities (Expressed in Thousand) | | |
|-------------------------------------------------------------------------------------------|-----------|-----------|
| | 2023 | 2022 |
| Receipts & Transfers: | | |
| Program Receipts: | | |
| Charges for Services & Sales | | |
| Water | \$ 1,514 | \$ 1,556 |
| Sewer | 2,111 | 2,080 |
| Storm Water | 270 | 266 |
| General Receipts | | |
| Unrestricted Investment Earnings | 256 | 99 |
| Other General Receipts | 96 | 118 |
| Total Receipts | 4,247 | 4,119 |
| Disbursements: | | |
| Water | 1,098 | 1,023 |
| Water - Capital Outlay | 72 | 64 |
| Sewer | 970 | 971 |
| Sewer - Capital Outlay | 601 | 22 |
| Storm Water | 7 | 7 |
| Storm Water - Capital Outlay | 36 | - |
| Total Disbursements | 2,784 | 2,087 |
| Change in cash basis net position before transfers | 1,463 | 2,032 |
| Transfers, net | (789) | (739) |
| Change in cash basis net position | 674 | 1,293 |
| Cash basis net position beginning of the year | 10,128 | 8,835 |
| Cash basis net position end of year | \$ 10,802 | \$ 10,128 |

The cash balance at June 30, 2023 was \$10,802,000, an increase of approximately \$674,000. Revenues increased \$128,000 from FY 22 mainly due to an increase of unrestricted investment earnings.

Total disbursements also increased by \$697,000, or 33.4%, from FY 22 due mainly to more water, sewer, and storm water capital expenditures in FY 23.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed the year, its governmental funds reported a combined fund balance of \$20,262,000, an increase of approximately \$4,770,000 from last year's total of \$15,492,000. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The General Fund cash balance decreased \$191,708 from the prior year to \$4,823,204, which is approximately 56% of General Fund

receipts. The General Fund balances are projected to be spent down to 25% of receipts over the next few years. These additional cash reserves are intended to be used for various projects and one-time expenditures.

- The Special Revenue Road Use Tax (RUT) Fund cash balance increased by \$483,764 to \$3,659,771. The City intends to use this money to upgrade the condition of City roads.
- The Special Revenue Local Option Sales Tax (LOST) Fund cash balance decreased by \$111,333 to \$682,646. The City intends to use this money for future City projects.
- The Debt Service cash balance increased by \$676 to \$97,636. This balance will be used for future principal and interest payments.
- The Capital Projects Funds balance on June 30, 2023 was \$8,643,363, an increase of \$3,844,637 from FY 22. The increase in cash balance is mainly due to debt issued for the Rec Center Building Improvement Project.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The cash balance of the Water Utility Fund increased by \$154,072 to \$3,006,716. The increase was mainly due to unrestricted investment earnings.
- The cash balance of the Sewer Utility Fund decreased by approximately \$583,000 to \$2,186,602. The Sewer Utility Fund advanced \$1M to the C.P.-Streets Fund to fund a capital project. The advance is being repaid by tax increment financing funds and will be repaid by FY 24. Sewer funds are also being set aside in the Sewer Capital Improvement Fund for future sewer system projects.
- The cash balance of the Storm Water Utility Fund increased approximately \$113,773 to \$1,384,166. The accumulation of cash reserves is for future operating costs and capital expenditures.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its budget two times. The first amendment was approved on November 14, 2022, and resulted in an increase in disbursements (including transfers) of \$3,314,302 and an increase in

revenues and other financing sources of \$129,461. The amendment was primarily to account for FY 22 carryover projects including various parks and recreation expenses and capital projects including Graham Park Revitalization Project, Northeast Park Parking Lot Project, Street Maintenance Facility Project and US 30 East Sanitary Sewer Project. The second budget amendment was approved on May 22, 2023, and resulted in an increase in disbursements of \$2,140,237 and an increase in revenues of \$2,140,237. The amendment was to account for various transfers from one fund to another fund to finance various city projects.

After the budget amendments, the City's receipts were about \$596,400 more than the amended budget mainly due high interest income received than budgeted. In addition, Hotel/Motel tax collections and Local Option Sales tax collections were greater than anticipated. These were offset by less capital/intergovernmental grants received than anticipated. Total disbursements were \$10.7 million less than the amended budget. This was primarily due to the delay of some capital purchases, unfinished construction projects and less than anticipated operating expenses.

DEBT ADMINISTRATION

At year-end, the City had \$10,335,000 in bonds and other long-term debt compared to \$6,803,000 last year as shown below.

| Outstanding Debt at Year-End (Expressed in Thousands) | | |
|----------------------------------------------------------|-----------------|----------------|
| | 2023 | 2022 |
| General Obligation Capital Loan Notes | \$8,915 | \$4,705 |
| Sewer Revenue Bonds | 1,420 | 2,098 |
| Total | <u>\$10,335</u> | <u>\$6,803</u> |

Debt increased as a result of the issuance of \$5,400,000 Local Option Sales and Service Tax Bonds to partially finance the Rec Center Building Improvement Project.

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$8,915,000 is well below the City's \$46.0 million legal debt limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's citizens and elected and appointment officials considered many factors when setting the 2024 fiscal year budget, associated tax rates and fees for services. One of those factors is the local economy. The regional economy is stable. Unemployment for Carroll County was at a rate of about 2.3% (January 2023 Local Area Unemployment Statistics for Carroll County obtained from Iowa Workforce Development) which is down slightly from the January 2022 unemployment rate of 3.0%. This is compared to the State's unemployment rate of 3.0% (January 2023) and the national rate of 3.4% (January 2023).

These indicators were taken into account when adopting the budget for fiscal year 2024 (FY 24). FY 24 budgeted revenues are expected to be approximately \$8.3 million less than final FY 23 budget mainly due a planned debt issuance in FY 23 and no planned debt issuance in FY 24. FY 24 budgeted disbursements are expected to be \$4.7 million less FY 23 final budgeted disbursements mainly due to less capital expenses planned in FY 24.

If budget estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$5.6 million by the close of FY 24.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Carroll

Basic Financial Statements

City of Carroll
Statement of Activities and
Net Position - Cash Basis
Year ended June 30, 2023

| Functions/Programs | Expenses | Charges for Services |
|------------------------------------------|--------------------------------|-------------------------------|
| Governmental Activities | | |
| Public Safety Program | \$ 2,392,077.55 | \$ 144,409.44 |
| Public Works Program | 2,335,637.57 | 643,520.70 |
| Health and Social Services Program | 69,397.00 | 9,870.00 |
| Culture and Recreation Program | 3,085,196.86 | 1,302,521.00 |
| Community & Economic Development Program | 372,647.44 | 250.00 |
| General Government | 1,221,818.62 | 40,983.32 |
| Debt Service | 2,496,577.11 | - |
| Capital Projects | 4,999,881.05 | - |
| Total governmental activities | <u>16,973,233.20</u> | <u>2,141,554.46</u> |
| Business Type Activities | | |
| Water | 1,169,989.59 | 1,514,169.86 |
| Sewer | 1,570,517.48 | 2,110,831.50 |
| Storm Water | 43,053.48 | 269,966.92 |
| Total business type activities | <u>2,783,560.55</u> | <u>3,894,968.28</u> |
| Total | <u><u>\$ 19,756,793.75</u></u> | <u><u>\$ 6,036,522.74</u></u> |
| 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 | | |

Exhibit A

| Program Revenues | | Net (Disbursements) Receipts | | |
|-----------------------------------------------------------------|---------------------------------------------------------------|------------------------------|-----------------------------|-------------------|
| Operating Grants Contributions and Restricted Interest | Capital Grants Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total |
| \$ 43,576.93 | \$ - | \$ (2,204,091.18) | \$ - | \$ (2,204,091.18) |
| 1,420,285.83 | - | (271,831.04) | - | (271,831.04) |
| - | - | (59,527.00) | - | (59,527.00) |
| 66,136.90 | - | (1,716,538.96) | - | (1,716,538.96) |
| - | - | (372,397.44) | - | (372,397.44) |
| - | - | (1,180,835.30) | - | (1,180,835.30) |
| - | - | (2,496,577.11) | - | (2,496,577.11) |
| - | 786,766.55 | (4,213,114.50) | - | (4,213,114.50) |
| 1,529,999.66 | 786,766.55 | (12,514,912.53) | - | (12,514,912.53) |
| - | - | - | 344,180.27 | 344,180.27 |
| - | - | - | 540,314.02 | 540,314.02 |
| - | - | - | 226,913.44 | 226,913.44 |
| - | - | - | 1,111,407.73 | 1,111,407.73 |
| \$ 1,529,999.66 | \$ 786,766.55 | (12,514,912.53) | 1,111,407.73 | (11,403,504.80) |
| | | | | |
| | | 5,526,117.14 | - | 5,526,117.14 |
| | | 806,702.22 | - | 806,702.22 |
| | | 1,108,634.65 | - | 1,108,634.65 |
| | | 163,750.29 | - | 163,750.29 |
| | | 242,607.78 | - | 242,607.78 |
| | | 2,162,626.30 | - | 2,162,626.30 |
| | | 214,160.64 | - | 214,160.64 |
| | | 336,586.44 | 256,503.94 | 593,090.38 |
| | | 5,796,259.45 | - | 5,796,259.45 |
| | | 138,284.70 | 95,812.59 | 234,097.29 |
| | | 789,372.50 | (789,372.50) | - |
| | | 17,285,102.11 | (437,055.97) | 16,848,046.14 |
| | | 4,770,189.58 | 674,351.76 | 5,444,541.34 |
| | | 15,491,635.40 | 10,128,376.41 | 25,620,011.81 |
| | | \$ 20,261,824.98 | \$ 10,802,728.17 | \$ 31,064,553.15 |
| | | | | |
| | | \$ 627,731.66 | \$ - | \$ 627,731.66 |
| | | 66,619.77 | - | 66,619.77 |
| | | 97,636.02 | - | 97,636.02 |
| | | 3,659,770.90 | - | 3,659,770.90 |
| | | 2,660,711.28 | - | 2,660,711.28 |
| | | 13,149,355.35 | 10,802,728.17 | 23,952,083.52 |
| | | \$ 20,261,824.98 | \$ 10,802,728.17 | \$ 31,064,553.15 |

See notes to financial statements.

City of Carroll
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
Year ended June 30, 2023

| | | <u>Special Revenue</u> | <u>Special Revenue</u> |
|------------------------------------------------------------------------------------------------------------|------------------------|----------------------------|-----------------------------------|
| | <u>General</u> | <u>Road Use Tax</u> | <u>Local Option Sales Tax</u> |
| Receipts: | | | |
| Property tax | \$ 4,542,204.08 | \$ - | \$ - |
| Other Taxes | 456,768.42 | - | 2,162,626.30 |
| Use of money and property | 204,523.96 | - | 30,028.10 |
| Licenses and permits | 84,711.87 | - | - |
| Intergovernmental | 197,291.14 | 1,420,285.83 | - |
| Charges for service | 1,921,250.94 | - | - |
| Special assessments | - | - | - |
| Fines and fees | 59,748.22 | - | - |
| Miscellaneous | 142,859.33 | 12,649.47 | - |
| Total receipts | <u>7,609,357.96</u> | <u>1,432,935.30</u> | <u>2,192,654.40</u> |
| Disbursements: | | | |
| Public Safety | 2,393,341.80 | - | - |
| Public Works | 1,340,105.80 | 998,553.59 | 359.00 |
| Health and Social Services | 69,397.00 | - | - |
| Culture and Recreation | 3,082,655.56 | - | 9,300.00 |
| Community and Economic Development | 264,278.35 | - | 59,148.52 |
| General Government | 1,227,188.88 | - | - |
| Debt Service | - | - | - |
| Capital Projects | - | - | - |
| Total disbursements | <u>8,376,967.39</u> | <u>998,553.59</u> | <u>68,807.52</u> |
| Excess (deficiency) of receipts over (under) disbursements | <u>(767,609.43)</u> | <u>434,381.71</u> | <u>2,123,846.88</u> |
| Other financing sources (uses): | | | |
| Bond/note proceeds | - | - | - |
| Operating transfers in | 973,651.13 | 149,382.73 | - |
| Operating transfers(out) | (397,750.00) | (100,000.00) | (2,235,180.11) |
| Total other financing sources (uses) | <u>575,901.13</u> | <u>49,382.73</u> | <u>(2,235,180.11)</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(191,708.30)</u> | <u>483,764.44</u> | <u>(111,333.23)</u> |
| Cash balance beginning of year | <u>5,014,911.95</u> | <u>3,176,006.46</u> | <u>793,979.54</u> |
| Cash balance end of year | <u>\$ 4,823,203.65</u> | <u>\$ 3,659,770.90</u> | <u>\$ 682,646.31</u> |
| Cash Basis Fund Balances | | | |
| Unspendable- | | | |
| Permanent fund-Cemetery Perpetual Care | \$ - | \$ - | \$ - |
| -Rec Center Trust | - | - | - |
| Restricted for Debt Service | - | - | - |
| Streets | - | 3,659,770.90 | - |
| Urban Renewal purposes | - | - | - |
| Other purposes | 508,105.63 | - | 682,646.31 |
| Committed | - | - | - |
| Assigned | 934,141.00 | - | - |
| Unassigned | 3,380,957.02 | - | - |
| Total cash basis fund balances | <u>\$ 4,823,203.65</u> | <u>\$ 3,659,770.90</u> | <u>\$ 682,646.31</u> |

Exhibit B

| Debt Service | Capital Projects | Other Nonmajor Governmental Funds | Total |
|-------------------------|-----------------------------|------------------------------------------------------|-------------------------|
| \$ 806,702.22 | \$ - | \$ 2,092,547.71 | \$ 7,441,454.01 |
| - | - | - | 2,619,394.72 |
| - | 110,791.55 | 41,233.76 | 386,577.37 |
| - | - | - | 84,711.87 |
| 20,886.52 | 51,637.00 | 765,385.56 | 2,455,486.05 |
| - | - | 25,852.50 | 1,947,103.44 |
| - | - | - | - |
| - | - | - | 59,748.22 |
| - | - | 7,806.35 | 163,315.15 |
| <u>827,588.74</u> | <u>162,428.55</u> | <u>2,932,825.88</u> | <u>15,157,790.83</u> |
| - | - | 5,988.23 | 2,399,330.03 |
| - | - | - | 2,339,018.39 |
| - | - | - | 69,397.00 |
| - | - | 4,950.34 | 3,096,905.90 |
| - | - | 58,520.57 | 381,947.44 |
| - | - | - | 1,227,188.88 |
| 2,496,577.11 | - | - | 2,496,577.11 |
| - | 4,999,881.05 | - | 4,999,881.05 |
| <u>2,496,577.11</u> | <u>4,999,881.05</u> | <u>69,459.14</u> | <u>17,010,245.80</u> |
| <u>(1,668,988.37)</u> | <u>(4,837,452.50)</u> | <u>2,863,366.74</u> | <u>(1,852,454.97)</u> |
| - | 5,796,259.45 | - | 5,796,259.45 |
| 1,669,664.78 | 2,885,830.00 | - | 5,678,528.64 |
| - | - | (2,156,226.03) | (4,889,156.14) |
| <u>1,669,664.78</u> | <u>8,682,089.45</u> | <u>(2,156,226.03)</u> | <u>6,585,631.95</u> |
| 676.41 | 3,844,636.95 | 707,140.71 | 4,733,176.98 |
| <u>96,959.61</u> | <u>4,798,726.04</u> | <u>1,611,051.80</u> | <u>15,491,635.40</u> |
| <u>\$ 97,636.02</u> | <u>\$ 8,643,362.99</u> | <u>\$ 2,318,192.51</u> | <u>\$ 20,224,812.38</u> |
| \$ - | \$ - | \$ 627,731.66 | \$ 627,731.66 |
| - | - | 66,619.77 | 66,619.77 |
| 97,636.02 | - | - | 97,636.02 |
| - | - | - | 3,659,770.90 |
| - | - | 112,493.57 | 112,493.57 |
| - | - | 1,357,465.77 | 2,548,217.71 |
| - | 8,643,362.99 | - | 8,643,362.99 |
| - | - | - | 934,141.00 |
| - | - | 153,881.74 | 3,534,838.76 |
| <u>\$ 97,636.02</u> | <u>\$ 8,643,362.99</u> | <u>\$ 2,318,192.51</u> | <u>\$ 20,224,812.38</u> |

See notes to financial statements.

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, 2023

| | |
|--------------------------------------------------|-----------------|
| Total governmental funds cash balances (page 23) | \$20,224,812.38 |
|--------------------------------------------------|-----------------|

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

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <p>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.</p> | <u>37,012.60</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|

| | |
|--------------------------------------------------------------|------------------------|
| Cash Basis net position of Governmental activities (page 21) | <u>\$20,261,824.98</u> |
|--------------------------------------------------------------|------------------------|

| | |
|-----------------------------------|-----------------|
| Change in cash balances (page 23) | \$ 4,733,176.98 |
|-----------------------------------|-----------------|

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

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <p>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.</p> | <u>37,012.60</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|

| | |
|------------------------------------------------------------------------|------------------------|
| Change in cash basis net position of governmental activities (page 21) | <u>\$ 4,770,187.58</u> |
|------------------------------------------------------------------------|------------------------|

See notes to financial statements.

City of Carroll

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

Year ended June 30, 2023

| | Enterprise Funds | | |
|-----------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------------|
| | Major Fund Water | Major Fund Sewer | Major Fund Storm Water |
| Operating receipts: | | | |
| Charges for service | \$ 1,514,169.86 | \$ 2,110,831.50 | \$ 269,966.92 |
| Total operating receipts | <u>1,514,169.86</u> | <u>2,110,831.50</u> | <u>269,966.92</u> |
| Operating disbursements: | | | |
| Governmental activities: | | | |
| Public Safety | - | - | - |
| Public works | - | - | - |
| Cultural and recreational | - | - | - |
| General government | - | - | - |
| Business-type activities: | <u>1,096,751.75</u> | <u>971,457.92</u> | <u>6,753.48</u> |
| Total operating disbursements | <u>1,096,751.75</u> | <u>971,457.92</u> | <u>6,753.48</u> |
| Excess (deficiency) of operating receipts over (under) operating disbursements | <u>417,418.11</u> | <u>1,139,373.58</u> | <u>263,213.44</u> |
| Non-operating receipts (disbursements) | | | |
| Use of money and property | 119,228.71 | 61,690.98 | 24,157.14 |
| Miscellaneous | 55,207.82 | 29,076.99 | 1,402.78 |
| Capital Outlay | <u>(20,548.60)</u> | <u>-</u> | <u>-</u> |
| Net non-operating receipts (disbursements) | <u>153,887.93</u> | <u>90,767.97</u> | <u>25,559.92</u> |
| Other financing sources (uses): | | | |
| Bond/note proceeds | - | - | - |
| Operating transfers in | 181,037.50 | 861,750.00 | - |
| Operating transfers (out) | <u>(598,272.00)</u> | <u>(2,674,888.00)</u> | <u>(175,000.00)</u> |
| Total other financing sources (uses) | <u>(417,234.50)</u> | <u>(1,813,138.00)</u> | <u>(175,000.00)</u> |
| Excess of receipts and other financing sources over disbursements and other financing uses | <u>154,071.54</u> | <u>(582,996.45)</u> | <u>113,773.36</u> |
| Cash balance beginning of year | <u>2,852,644.72</u> | <u>2,769,598.04</u> | <u>1,270,392.41</u> |
| Cash balance end of year | <u>\$ 3,006,716.26</u> | <u>\$ 2,186,601.59</u> | <u>\$ 1,384,165.77</u> |
| Cash Basis Fund Balances | | | |
| Restricted | \$ - | \$ - | \$ - |
| Committed | - | - | - |
| Assigned | 48,272.00 | 63,928.00 | - |
| Unrestricted | <u>2,958,444.26</u> | <u>2,122,673.59</u> | <u>1,384,165.77</u> |
| Total cash basis fund balances | <u>\$ 3,006,716.26</u> | <u>\$ 2,186,601.59</u> | <u>\$ 1,384,165.77</u> |

Exhibit D

| <div> <div>Other Non-Major Proprietary</div> <div>Total</div> </div> | | Internal Service Employee Health |
|--------------------------------------------------------------------------|------------------|-------------------------------------------|
| \$ - | \$ 3,894,968.28 | \$ 713,182.54 |
| - | 3,894,968.28 | 713,182.54 |
| - | - | \$ 236,955.82 |
| - | - | 110,164.37 |
| - | - | 171,657.11 |
| - | - | 51,198.66 |
| 9,400.00 | 2,084,363.15 | 113,853.37 |
| 9,400.00 | 2,084,363.15 | 683,829.33 |
| (9,400.00) | 1,810,605.13 | 29,353.21 |
| 51,427.11 | 256,503.94 | 17,374.17 |
| 10,125.00 | 95,812.59 | - |
| (688,363.58) | (708,912.18) | - |
| (626,811.47) | (356,595.65) | 17,374.17 |
| - | - | - |
| 1,616,000.00 | 2,658,787.50 | - |
| - | (3,448,160.00) | - |
| 1,616,000.00 | (789,372.50) | - |
| 979,788.53 | 664,636.98 | 46,727.38 |
| 3,235,741.24 | 10,128,376.41 | 983,128.31 |
| \$ 4,215,529.77 | \$ 10,793,013.39 | \$ 1,029,855.69 |
| \$ - | \$ - | \$ 1,029,855.69 |
| 4,215,529.77 | 4,215,529.77 | - |
| - | 112,200.00 | - |
| - | 6,465,283.62 | - |
| \$ 4,215,529.77 | \$ 10,793,013.39 | \$ 1,029,855.69 |

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, 2023**

| | |
|------------------------------------------------|------------------|
| Total enterprise funds cash balances (page 27) | \$ 10,793,013.39 |
|------------------------------------------------|------------------|

*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.

| | |
|--|-----------------|
| | <u>9,714.78</u> |
|--|-----------------|

| | |
|---------------------------------------------------------------|------------------------|
| Cash Basis net position of Business type activities (page 21) | <u>\$10,802,728.17</u> |
|---------------------------------------------------------------|------------------------|

| | |
|-----------------------------------|---------------|
| Change in cash balances (page 27) | \$ 664,636.98 |
|-----------------------------------|---------------|

*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.

| | |
|--|-----------------|
| | <u>9,714.78</u> |
|--|-----------------|

| | |
|-------------------------------------------------------------------------|----------------------|
| Change in cash basis net position of business type activities (page 21) | <u>\$ 674,351.76</u> |
|-------------------------------------------------------------------------|----------------------|

See notes to financial statements.

City of Carroll
Notes to Financial Statements
June 30, 2023

Note 1 - Summary of Significant Accounting Policies

The City of Carroll is a political subdivision of the State of Iowa located in Carroll County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and human services, culture and recreation, community and economic developments, and general government services. The City also provides water, sewer and storm water utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Carroll has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

B. Basis of Presentation

Government-Wide Financial Statements – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement.

Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue

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

to be used for road construction and maintenance.

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

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

The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The City reports the following major proprietary funds:

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

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

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

The City also reports the following additional proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Property Taxes and Governmental Cash Basis Fund Balances:

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

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 ½ % per month penalty for delinquent payments: is based on January 1, 2021, assessed property valuations: is for the tax accrual period July 1, 2022, through June 30, 2023, and reflects tax asking contained in the budget certified to the City Council in March 2022.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2023, 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, 2023, 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, | Sewer Revenue Bonds | | General Obligation Capital Loan Notes | | Total | |
|----------------------------|------------------------|------------------|------------------------------------------|---------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 699,000 | \$ 24,850 | \$ 875,000 | \$ 275,033 | \$ 1,574,000 | \$ 299,883 |
| 2025 | 721,000 | 12,618 | 590,000 | 250,763 | 1,311,000 | 263,381 |
| 2025 | | - | 615,000 | 230,763 | 615,000 | 230,763 |
| 2026 | | | 635,000 | 209,763 | 635,000 | 209,763 |
| 2027 | | | 650,000 | 188,113 | 650,000 | 188,113 |
| 2028-41 | - | - | 5,550,000 | 1,136,890 | 5,550,000 | 1,136,890 |
| | <u>\$ 1,420,000</u> | <u>\$ 37,468</u> | <u>\$ 8,915,000</u> | <u>\$ 2,291,325</u> | <u>\$ 10,335,000</u> | <u>\$ 2,328,793</u> |

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 \$10,998,000, Revenue Capital Loan Notes, Series 2003, during the year ended June 30, 2004. Capital Loan Notes totaling \$8,000,000 were issued December 23, 2003, and an additional issue on June 9, 2004, of \$2,998,000. These notes will be used to defray the costs of wastewater treatment plant improvements. Interest rate is 3.00%. Interest payments are due semiannually beginning June 1, 2004. Principal and interest payments are paid semiannually starting June 1, 2006. In July 2015 the Iowa Finance Authority negotiated a reduced interest to 1.75% for payments starting in fiscal year 2015.

On April 23, 2015, the City issued \$1,770,000 in General Obligation Capital Loan Notes, Series 2015A, with an interest rate range of .750% to 1.850%. The net proceeds were used to defease/advance refund the GO Bond Series 2008A, in the amount of \$1,715,000.00. The City's designated Paying Agent, UMB Bank, N.A., Kansas City, MO, will pay principal and interest on the Notes; interest payable initially on December 1, 2015, and thereafter interest on each June 1 and December 1, through 2023, principal paid annually starting June 1, 2017. During the year ended June 30, 2023, the City paid \$280,000 of principal and \$5,180 of interest on the capital loan notes. These notes were retired in FY 2023.

On November 30, 2016, the City issued \$2,290,000 in General Obligation Capital Loan Notes, Series 2016B, with an interest rate range of .80% to 1.60%. The net proceeds were used to pay costs of cemetery maintenance building and Third Street storm sewer improvements. The City's designated Paying Agent, UMB Bank, N.A., Kansas City, MO, will pay principal and interest on the Notes; interest payable each June 1 and December 1, through 2024, principal paid annually starting June 1, 2017. During the year ended June 30, 2023, the City paid \$290,000 of principal and \$9070 of interest on the capital loan notes.

On November 14, 2018, the City issued \$4,475,000 in General Obligation Capital Loan Notes, Series 2018B, with an interest rate of 3.35%. Total project was split between 5 local banks. The net proceeds were used to pay costs of the Library/City Hall projects and park/trail improvements. The City will pay principal and interest on the Notes; interest payable each June 1 and December 1, through 2033, principal paid annually starting June 1, 2019. This debt was refunded October 14, 2022.

On March 25, 2020, the City issued \$1,505,000 in General Obligation Capital Loan Notes, Series 2020A, with an interest rate range of 4.00% to 5.00% and a true interest cost of 1.23%. The net proceeds were used to pay for the purchase of a fire truck and the Street Rehab – 2019 Project. The City's designated Paying Agent, UMB Bank, N.A., Kansas City, MO, will pay interest on the Notes; interest payable each June 1 and December 1, through 2029, principal paid annually starting June 1, 2020. During the year ended June 30, 2023, the City paid \$120,000 of principal and \$46, 900 of interest on the capital loan notes.

On October 14, 2021, the City issued \$3,325,000 in General Obligation Refunding Capital Notes, a current refunding of notes issued on November 14, 2018. The interest rate range is 1.0% to 2.0% and a true interest cost of .98%. The original net proceeds were used to pay costs of the Library /City Hall projects and park/trail improvements. The City will pay principal and interest on the Notes; interest payable each June 1 and December 1, through 2033, principal paid annually starting June 1, 2022. During the year ended June 30, 2023, the City paid \$235,000 of principal and \$47,000 of interest on the capital loan notes.

On October 12, 2022, the City issued \$5,400,000 in General Obligation Local Option Sales and Service Tax Bonds, Series 2022A, with an interest rate range of 3.00% to 4.00% and a true interest cost of 3.5%. The net proceeds were used to pay improvements at the Carroll Recreation Center. The City will pay principal and interest on the Bonds; interest payable each June 1 and December 1, through 2041, principal paid annually starting June 1, 2023. During the year ended June 30, 2023, the City paid \$265,000 of principal and \$125,767 of interest on the bonds.

Sewer Revenue Notes

The City has pledged future sewer customer receipts, net of specific operating disbursements, to repay \$10,998,000 of sewer revenue notes issued in FY 2004 with \$8,000,000 issued December 2003 and \$2,998,000 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 66% of net receipts. The total principal and interest remaining to be paid on the notes is \$1,457,468. For the current year, principal and interest paid and total customer net receipts were \$714,715 and \$1,098,048, 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.

Information Technology Subscription

On December 13, 2021, the City entered into a subscription-based information technology agreement (SBITA) for financial software with *Tyler Technologies*. The agreement requires annual payments of \$41,509 for 3 years starting on January 2, 2022. The City paid its second year payment in fiscal year 2023 with one payment remaining.

On July 1, 2022, the City extended a contract for Rec Center software for 5 years beginning on July 2, 2022. The agreement requires annual payments of \$23,800, commencing on June 30, 2027. As of June 30, 2023 there are four years remaining to be paid on this agreement. The balance remaining is \$95,200.00.

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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The city's contributions to IPERS for the year ended June 30, 2023, totaled \$312,697.56.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$1,579,286 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was (0.041801%), which was an increase of (0.050044%) over its proportion measured as of June 30, 2021.

For the year ended June 30, 2023 the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled of (\$23,087), \$1,618,641 and \$1,738,997 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

| <u>Asset Class</u> | <u>Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|--------------------------------|----------------------------------------------------------|
| Domestic equity | 22.0% | 3.57% |
| International equity | 17.5 | 4.79 |
| Global smart beta equity | 6.0 | 4.16 |
| Core plus fixed income | 20.0 | 1.66 |
| Public credit | 4.0 | 3.77 |
| Cash | 1.0 | .77 |
| Private equity | 13.0 | 7.57 |
| Private real assets | 8.5 | 3.55 |
| Private credit | <u>8.0</u> | 3.63 |
| Total | 100% | |

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

| | 1% Decrease <u>(6.00%)</u> | Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|------------------------------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| City's proportionate share of the net pension liability | \$2,955,799 | \$1,579,286 | \$366,239 |

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

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided 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 service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to the years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

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

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

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

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

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

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

Contributions – Members contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2023.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023, totaled \$255,434.47.

If approved by the state legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution 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, 2023.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$1,732,782 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2022, the City's proportion was 0.0308560% which was an increase of 0.027856% from its proportions measured as of June 30, 2021.

For the year ended June 30, 2023, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$163,818, \$1,191,292 and \$(1,101,587) respectfully.

Actuarial Assumptions - The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2020.

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

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of 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 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 included in the pension plan's target asset allocation are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|---------------------------------------------------|
| Broad Fixed Income | 3.5% |
| Broad U.S. Equity | 6.7 |
| Global Equity | 6.8 |
| Broad Non-US Equity | 7.0 |
| Managed Futures | 5.1 |
| Emerging Markets | 7.2 |
| Real Estate-Core | 6.4 |
| Opportunistic Real Estate | 11.0 |
| Global Infrastructure | 6.8 |
| Private Credit | 8.6 |
| Private Equity | 12.0 |

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

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

| | 1% Decrease <u>(6.50%)</u> | Discount Rate <u>(7.50%)</u> | 1% Increase <u>(8.50%)</u> |
|------------------------------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| City's proportionate share of the net pension liability | \$3,136,012 | \$1,732,782 | \$ 570,186 |

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. Group insurance benefits are established under Iowa Code Chapter 509A.13.

There are 56 active and no inactive employees on the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

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.

Funding Policy - The contribution requirements of plan members are established by union contracts for Police union employees and by Council for the Public Works union employees and the non-union employees. The City currently finances the benefit plan on a pay-as-you-go basis. Currently, employees are required to pay, on a pre-tax basis, 20% of the cost of the premium equal to the cost of electing continuing coverage under COBRA. For the year ended June 30, 2023, the City contributed \$571,082.98 and plan members eligible for benefits contributed \$159,473.73 to the plan.

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

Note 6 - Compensated Absences

City Employees accumulate a limited amount of earned but unused vacation and sick leave and comp time hours or subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursement by the City until used or paid. The City's approximate liability for earned vacation, sick leave, and comp time payable to employees at June 30, 2023, primarily relating to the General Fund, is as follows:

| <u>Type of Benefits</u> | <u>Liability June 30, 2023</u> |
|-------------------------|------------------------------------|
| Vacation | \$ 193,533.49 |
| Compensatory Time | 28,308.43 |
| Sick Leave | <u>3,590.13</u> |
| | <u>\$ 225,432.05</u> |

* Computed based on rates of pay in effect as of June 30, 2023.

Note 7 - Hospital Revenue Bonds

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. The bonds were paid off October 2022.

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, 2023, \$122,980 was paid pursuant to the agreement.

The City entered the agreement on February 25, 1971. There is no specified termination date. The City and other municipalities in the county have representation on the commission, which sets the rates paid based upon its annual budget. The charge is assessed to each municipality and the rural areas based upon population and adjusted arbitrarily based upon the distance the municipality is from the landfill to equalize hauling costs. The City of Carroll's share of the fees at June 30, 2023, was 47% of the total.

Note 9 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2023, is as follows:

| Transfer to | Transfer from | Amount |
|------------------|--------------------|--------------------------------------------------|
| General | Special Revenue | Employee Benefits \$859,967.63 |
| | | UR Downtown 1,483.50 |
| | Enterprise | Water- Liability Insurance 48,272.00 |
| | | Sewer- Liability Insurance 63,928.00 |
| Road Use | Special Revenue | Employee Benefits 149,382.73 |
| Debt Service | Special Revenue | Ashwood UR 2,604.67 |
| | | Local Option Sales Tax (Debt Relief) 556,033.00 |
| | | Local Option Sales Tax (Debt Payment) 391,067.11 |
| | Enterprise | Sewer 719,960.00 |
| Capital Projects | | |
| Streets | General Fund | 50,000.00 |
| Streets | Electric Franchise | 200,000.00 |
| Streets | Enterprise | Sewer Utility 1,000,000.00 |
| Streets | Special Revenue | Road Use Tax 100,000.00 |
| | | Local Option Sales Tax 710,000.00 |
| Airport | General Fund | 47,750.00 |
| CP Parks & Rec | Hotel/Motel | 100,000.00 |
| CP Parks & Rec | Special Revenue | Local Option Sales Tax 578,080.00 |
| | | Federal Grants 100,000.00 |
| Enterprise: | | |
| Water | Special Revenue | UR Downtown 181,037.50 |
| Water Depr | Enterprise | Water Utility 50,000.00 |

| | | | |
|---------------|-----------------|---------------|-----------------------|
| Water Cap Imp | Enterprise | Water Utility | 500,000.00 |
| Sewer | Special Revenue | UR Downtown | 861,750.00 |
| Sewer Depr | Enterprise | Sewer Utility | 35,000.00 |
| Sewer Cap Imp | Enterprise | Sewer Utility | 856,000.00 |
| Storm Water | Enterprise | Sewer Utility | <u>175,000.00</u> |
| | | | <u>\$8,337,316.14</u> |

* 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 530+ 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, 2023, is zero as the debt has been paid in its entirety. The City's annual contributions to IMWCA for the year ended June 30, 2023, were \$94,093.

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 800 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 officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's annual contributions to the Pool for the year ended June 30, 2023, were \$312,179.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or loss was incurred. As of June 30, 2023, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims

expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

Note 11 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for employees. The 457 plan is available to all full-time City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights must be held in trust of the exclusive benefits of plan participants and beneficiaries. These funds are invested and held by MissionSquare Retirement and Variable Annuity Life Insurance Company (VALIC) and do not constitute a liability of the City.

Note 12 – Related Party Transactions

The City had business transactions between the City and City Officials totaling \$21,740.00 during the year ended June 30, 2023.

Note 13 – Litigation

The City is defending itself against pending litigation. The City has liability coverage through the Iowa Communities Assurance Pool (ICAP) risk pool and thus believes exposure is limited to the City's \$1,000 deductible.

Note 14 – Development Agreements

The City has entered into a development agreement with Biokinometrics Holdings LLC and DMBA Properties & Consulting, Inc. for the construction of a 17,000 square foot, two story building investing not less than \$1,100,000 into capital improvements. The City agreed to pay the developer an amount not to exceed \$300,000 subject to annual appropriation by the City Council. The agreement requires up to thirty payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2023, the City rebated \$18,520.57 of incremental property tax to the developer. At June 30, 2023, the remaining balance to be paid on the agreement was \$216,070.11.

As part of the same development agreement with Biokinometrics Holdings LLC and DMBA Properties & Consulting, Inc., the City has agreed to pay the developer an

amount not to exceed 25% of the total cost of rehabilitation work to the existing building located at 226 E 5th Street. As of June 30, 2023, total cost of rehabilitation work has not been certified by the developer to the City. The developer has completed work on the building but not certified costs to the City.

In August 2018, the City entered into a development agreement with 704 Development Corporation for the construction a 12-unit residential subdivision. The City agreed to pay in the form of property tax rebates of potential incremental taxes to the developer an amount not to exceed \$72,000 subject to annual appropriations. The rebates will be available for up to a maximum of 10 years. The construction was not completed by March 1, 2021. The development agreement was reinstituted by the City on November 14, 2022. During the year ended June 30, 2023, there were no payments made to the developer.

In October 2020, the City entered into a development agreement with BTC, Inc. (dba Western Iowa Networks) for construction of a 37,427 square foot building not less than \$8,200,000 and to construct and install underground storm water improvements along Market Street. The City agreed to provide a tax increment grant, subject to annual appropriations, equal to the cost to construct the underground storm water improvements in the amount of \$172,394.12. The agreement requires the grant to be paid as six (6) consecutive semi-annual payments beginning December 1, 2023. During the year ended June 30, 2023, there were no payments made to the developer.

In August 2022, the City entered into a development agreement with Brian J. Wendl and Holly A. Wendl, and Jason R. Atherton and Karen M. Atherton to renovate the interior and exterior of property located on Lots 6, 7, 8, Block 5, First Addition to Carroll, Carroll County, Iowa(220 W 7th Street). The minimum improvements are expected to be approximately \$1,000,000 and plans to be completed by December 31, 2024. The City agreed to provide up to fifteen (15) consecutive annual payments of a Blight Remediation Tax Increment Grant, subject to annual appropriations, not to exceed to \$250,000. The grant payments are expected to begin June 1, 2027.

Note 15 – Tax Abatements

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

City Tax Abatements

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

For the year ended June 30, 2023, \$8,315.50 of property tax was diverted from the City under the urban renewal and economic development agreements.

Note 16 – Subsequent Events

In August 2023, the City entered in an agreement with Region XII Council of Governments, Inc. (COG) to provide up to \$300,000 to the COG to construct 10 new homes within city limits.

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
June 30, 2023

| | Governmental Fund Type Actual | Proprietary Fund Actual | Less Funds not Required to be Budgeted and Adjustments |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------|---------------------------------------------------------------------------|
| Receipts: | | | |
| Property tax | \$ 7,441,454.01 | \$ - | \$ - |
| Other taxes | 2,619,394.72 | - | - |
| Use of money and property | 386,577.37 | 256,503.94 | - |
| Licenses and permits | 84,711.87 | - | - |
| Intergovernmental | 2,455,486.05 | - | - |
| Charges for service | 1,947,103.44 | 3,894,968.28 | - |
| Fines and fees | 59,748.22 | - | - |
| Miscellaneous | 163,315.15 | 95,812.59 | - |
| Total receipts | 15,157,790.83 | 4,247,284.81 | - |
| Disbursements: | | | |
| Public Safety | 2,399,330.03 | - | - |
| Public Works | 2,339,018.39 | - | - |
| Health and Social Services | 69,397.00 | - | - |
| Culture and Recreation | 3,096,905.90 | - | - |
| Community & Economic Development | 381,947.44 | - | - |
| General Government | 1,227,188.88 | - | - |
| Debt Service | 2,496,577.11 | - | 719,960.00 |
| Capital Projects | 4,999,881.05 | - | - |
| Total Government Activities | 17,010,245.80 | | 719,960.00 |
| Business Type Activities | | 2,793,275.33 | - |
| Total disbursements | 17,010,245.80 | 2,793,275.33 | 719,960.00 |
| Excess (deficiency) of receipts over disbursements | (1,852,454.97) | 1,454,009.48 | (719,960.00) |
| Other financing sources (uses), net | 6,585,631.95 | (789,372.50) | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 4,733,176.98 | 664,636.98 | (719,960.00) |
| Balance beginning of year | 15,491,635.40 | 10,128,376.41 | - |
| Balance end of year | \$ 20,224,812.38 | \$ 10,793,013.39 | \$ (719,960.00) |

| Net | Budgeted Amounts | | Final to Actual Variance Favorable (Unfavorable) | Net as % of Budget |
|-------------------------|-------------------------|-------------------------|--------------------------------------------------------------|--------------------------|
| | Original | Final | | |
| \$ 7,441,454.01 | \$ 7,311,523.00 | \$ 7,311,523.00 | \$ 129,931.01 | 102% |
| 2,619,394.72 | 2,440,672.00 | 2,440,672.00 | 178,722.72 | 107% |
| 643,081.31 | 177,325.00 | 177,325.00 | 465,756.31 | 363% |
| 84,711.87 | 98,500.00 | 98,500.00 | (13,788.13) | 86% |
| 2,455,486.05 | 2,722,868.00 | 2,779,729.00 | (324,242.95) | 88% |
| 5,842,071.72 | 5,705,500.00 | 5,705,500.00 | 136,571.72 | 102% |
| 59,748.22 | - | - | 59,748.22 | - |
| 259,127.74 | 295,400.00 | 295,400.00 | (36,272.26) | 88% |
| <u>19,405,075.64</u> | <u>18,751,788.00</u> | <u>18,808,649.00</u> | <u>596,426.64</u> | 103% |
| 2,399,330.03 | 2,544,125.00 | 2,544,125.00 | 144,794.97 | 94% |
| 2,339,018.39 | 2,452,782.00 | 2,716,867.00 | 377,848.61 | 86% |
| 69,397.00 | 94,240.00 | 94,240.00 | 24,843.00 | 74% |
| 3,096,905.90 | 3,925,249.00 | 4,580,428.00 | 1,483,522.10 | 68% |
| 381,947.44 | 428,507.00 | 851,111.00 | 469,163.56 | 45% |
| 1,227,188.88 | 1,318,990.00 | 1,350,650.00 | 123,461.12 | 91% |
| 1,776,617.11 | 1,789,411.00 | 1,789,411.00 | 12,793.89 | 99% |
| 4,999,881.05 | 10,054,950.00 | 11,282,894.00 | 6,283,012.95 | 44% |
| <u>16,290,285.80</u> | <u>22,608,254.00</u> | <u>25,209,726.00</u> | <u>8,919,440.20</u> | 65% |
| <u>2,793,275.33</u> | <u>3,922,708.00</u> | <u>4,562,938.00</u> | <u>1,769,662.67</u> | 61% |
| <u>19,083,561.13</u> | <u>26,530,962.00</u> | <u>29,772,664.00</u> | <u>10,689,102.87</u> | 64% |
| 321,514.51 | (7,779,174.00) | (10,964,015.00) | 11,285,529.51 | |
| <u>5,796,259.45</u> | <u>9,020,000.00</u> | <u>9,020,000.00</u> | <u>3,223,740.55</u> | |
| 6,117,773.96 | 1,240,826.00 | (1,944,015.00) | 8,061,788.96 | |
| <u>25,620,011.81</u> | <u>25,620,011.81</u> | <u>25,620,011.81</u> | | |
| <u>\$ 31,737,785.77</u> | <u>\$ 26,860,837.81</u> | <u>\$ 23,675,996.81</u> | | |

See accompanying independent auditor's report.

City of Carroll

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2023

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 \$3,241,702 and budgeted revenues by \$56,861. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2023, 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 Nine Years* (In Thousands)

Other Information

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------------------------------------------------------------------------------|----------|----------|---------|---------|---------|---------|---------|---------|---------|
| City's proportionate of the net pension liability | 0.04180% | -0.0082% | 0.0380% | 0.0383% | 0.0378% | 0.0368% | 0.0344% | 0.0324% | 0.0350% |
| City's proportionate share of the net pension liability | \$1,579 | \$28 | \$2,672 | \$2,217 | \$2,392 | \$2,428 | \$2,146 | \$1,602 | \$1,390 |
| City's covered-employee payroll | \$3,314 | \$3,399 | \$3,092 | \$3,040 | \$2,941 | \$2,853 | \$2,720 | \$2,221 | \$2,218 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 47.65% | -0.01% | 86.42% | 72.93% | 81.33% | 85.10% | 79.56% | 72.13% | 62.67% |
| IPERS' net position as a percentage of the total pension liability | 91.41% | 100.81% | 82.90% | 85.45% | 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

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

See accompanying independent auditor's report.

City of Carroll
Scheduled of City Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Other Information

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contribution | \$312,698 | \$320,825 | \$291,922 | \$287,091 | \$277,872 |
| Contributions in relation to the statutorily required contribution | (312,698) | (320,825) | (291,922) | (287,091) | (277,872) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's covered payroll | \$ 3,313,514 | \$ 3,398,835 | \$ 3,091,885 | \$ 3,040,013 | \$ 2,941,489 |
| Contributions as a percentage of covered payroll | 9.44% | 9.44% | 9.44% | 9.44% | 9.45% |

| 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------|--------------|--------------|--------------|--------------|
| \$254,700 | \$242,817 | \$198,356 | \$198,054 | \$204,797 |
| (254,700) | (242,817) | (198,356) | (198,054) | (204,797) |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 2,852,890 | \$ 2,719,847 | \$ 2,221,231 | \$ 2,217,864 | \$ 2,293,361 |
| 8.93% | 8.93% | 8.93% | 8.93% | 8.93% |

See accompanying independent auditor's report.

City of Carroll
Notes to Other Information – Pension Liability
Iowa Public Employees' Retirement System
Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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

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

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

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

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

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

City of Carroll

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

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

Other Information

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| City's proportionate of the net pension liability | 0.3086% | 0.2807% | 0.2924% | 0.2790% | 0.2946% | 0.3037% | 0.2994% | 0.2880% | 0.2782% |
| City's proportionate share of the net pension liability | \$1,733 | \$2,239 | \$2,332 | \$1,830 | \$1,754 | \$1,899 | \$1,872 | \$1,043 | \$1,008 |
| City's covered-employee payroll | \$1,069 | \$1,042 | \$929 | \$845 | \$856 | \$856 | \$860 | \$811 | \$755 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 162.11% | 214.88% | 251.05% | 216.68% | 204.91% | 221.85% | 217.67% | 128.61% | 133.51% |
| MFPRSI net position as a percentage of the total pension liability | 84.62% | 93.62% | 76.47% | 79.94% | 81.07% | 80.60% | 78.20% | 83.04% | 86.27% |

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

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

See accompanying independent auditor's report.

**City of Carroll
Scheduled of City Contributions**

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

Other Information

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----------------------------------------------------------------------|--------------|--------------|------------|------------|------------|
| Statutorily required contribution | \$255,434 | \$272,834 | \$230,867 | \$226,794 | \$219,896 |
| Contributions in relation to the statutorily required contribution | (255,434) | (272,834) | (230,867) | (226,794) | (219,896) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's covered payroll | \$ 1,068,764 | \$ 1,042,149 | \$ 912,159 | \$ 929,101 | \$ 856,291 |
| Contributions as a percentage of covered payroll | 23.90% | 26.18% | 25.31% | 24.41% | 25.68% |

| 2018 | 2017 | 2016 | 2015 | 2014 |
|------------|------------|------------|------------|------------|
| \$219,896 | \$222,948 | \$225,310 | \$229,656 | \$213,975 |
| (219,896) | (222,948) | (225,310) | (229,656) | (213,975) |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 856,291 | \$ 860,141 | \$ 811,343 | \$ 755,200 | \$ 710,408 |
| 25.68% | 25.92% | 27.77% | 30.41% | 30.12% |

See accompanying independent auditor's report.

City of Carroll

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

Year ended June 30, 2023

Changes of benefit terms

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

City of Carroll

Supplementary Information

City of Carroll
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

| | Employee Benefits | Urban Renewal | Ashwood UR | Recrea- -tion Center Trust | ARPA Grant |
|---------------------------------------------------------------------------------------|------------------------------|--------------------------|-----------------------|-----------------------------------------------|------------------------|
| Receipts: | | | | | |
| Property tax | \$ 983,913.06 | 1,106,049.72 | \$ 2,584.93 | \$ - | \$ - |
| Other taxes | - | - | - | - | - |
| Use of money and property: | | | | | |
| Interest on deposits | - | 2,601.15 | 19.74 | 651.71 | 24,411.46 |
| Intergovernmental: | | | | | |
| State funding | 25,437.30 | - | - | - | - |
| Federal Funding | - | - | - | - | 735,129.55 |
| Charges for Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total receipts | 1,009,350.36 | 1,108,650.87 | 2,604.67 | 651.71 | 759,541.01 |
| Disbursements: | | | | | |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Culture & Recreation | - | - | - | - | - |
| Community and Economic Development: | - | 18,520.57 | - | - | 40,000.00 |
| Capital | - | - | - | - | - |
| Total disbursements | - | 18,520.57 | - | - | 40,000.00 |
| Excess (deficiency) of receipts over (under) | | | | | |
| disbursements | 1,009,350.36 | 1,090,130.30 | 2,604.67 | 651.71 | 719,541.01 |
| Other financing sources (uses): | | | | | |
| Operating transfers in | - | - | - | - | - |
| Operating transfers (out) | (1,009,350.36) | (1,044,271.00) | (2,604.67) | - | (100,000.00) |
| | (1,009,350.36) | (1,044,271.00) | (2,604.67) | - | (100,000.00) |
| Excess (deficiency) of receipts and other financing sources (uses) over (under) | | | | | |
| disbursements | - | 45,859.30 | - | 651.71 | 619,541.01 |
| Cash balance beginning of year | - | 66,634.27 | - | 37,914.39 | 737,924.76 |
| Cash balance end of year | \$ - | \$ 112,493.57 | \$ - | \$ 38,566.10 | \$ 1,357,465.77 |

Schedule 1

| Permanent | | | | | |
|----------------------|---------------------|------------------|-------------------------------|------------------------|-----------------|
| Police Forfeiture | Crime Prevention | Library Trust | Cemetery Perpetual Care | Rec Center Trust | Total |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,092,547.71 |
| - | - | - | - | - | - |
| 265.39 | 718.69 | 914.59 | 10,525.24 | 1,125.79 | 41,233.76 |
| - | 1,050.00 | 3,768.71 | - | - | 30,256.01 |
| - | - | - | - | - | 735,129.55 |
| - | 5,240.00 | - | 20,612.50 | - | 25,852.50 |
| 1,016.35 | 4,150.00 | 2,640.00 | - | - | 7,806.35 |
| 1,281.74 | 11,158.69 | 7,323.30 | 31,137.74 | 1,125.79 | 2,932,825.88 |
| 45.00 | 5,943.23 | - | - | - | 5,988.23 |
| - | - | - | - | - | - |
| - | - | 2,663.84 | - | - | 2,663.84 |
| - | - | - | - | - | 58,520.57 |
| - | - | 2,286.50 | - | - | 2,286.50 |
| 45.00 | 5,943.23 | 4,950.34 | - | - | 69,459.14 |
| 1,236.74 | 5,215.46 | 2,372.96 | 31,137.74 | 1,125.79 | 2,863,366.74 |
| - | - | - | - | - | - |
| - | - | - | - | - | (2,156,226.03) |
| - | - | - | - | - | (2,156,226.03) |
| 1,236.74 | 5,215.46 | 2,372.96 | 31,137.74 | 1,125.79 | 707,140.71 |
| 15,403.67 | 40,630.68 | 50,456.13 | 596,593.92 | 65,493.98 | 1,611,051.80 |
| \$ 16,640.41 | \$ 45,846.14 | \$ 52,829.09 | \$ 627,731.66 | \$ 66,619.77 | \$ 2,318,192.51 |

City of Carroll
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Non-Major Proprietary Funds
Year ended June 30, 2023

| | Water Depreciation | Storm Water Capital Improv. | Water Meter Deposit |
|-----------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|--------------------------------|
| Receipts: | | | |
| Use of money and property | \$ 17,715.27 | \$ 2,594.13 | \$ - |
| Miscellaneous | - | - | 10,125.00 |
| Total Receipts | <u>17,715.27</u> | <u>2,594.13</u> | <u>10,125.00</u> |
| Disbursements: | | | |
| Business-type activities: | | | |
| Operations | - | - | 9,400.00 |
| Capital Outlay | - | 36,300.00 | - |
| Total Disbursements | <u>-</u> | <u>\$ 36,300.00</u> | <u>9,400.00</u> |
| Excess (deficiency) of receipts over (under) disbursements | <u>17,715.27</u> | <u>(33,705.87)</u> | <u>725.00</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 50,000.00 | 175,000.00 | - |
| Operating transfers (out) | - | - | - |
| Total other financing sources (uses) | <u>50,000.00</u> | <u>175,000.00</u> | <u>-</u> |
| Excess of receipts and other financing sources over disbursements and other financing uses | 67,715.27 | 141,294.13 | 725.00 |
| Cash balance beginning of year | <u>1,018,493.36</u> | <u>125,711.97</u> | <u>45,585.90</u> |
| Cash balance end of year | <u><u>\$ 1,086,208.63</u></u> | <u><u>\$ 267,006.10</u></u> | <u><u>\$ 46,310.90</u></u> |
| Cash Basis Fund Balances | | | |
| Committed | \$ 1,086,208.63 | \$ 267,006.10 | \$ 46,310.90 |
| Unrestricted | - | - | - |
| Total cash basis fund balances | <u><u>\$ 1,086,208.63</u></u> | <u><u>\$ 267,006.10</u></u> | <u><u>\$ 46,310.90</u></u> |

Schedule 2

| Non-Major Enterprise Funds | | | |
|-----------------------------------|----------------------------------|----------------------------------|------------------------|
| Sewer Depreciation | Sewer Capital Improv. | Water Capital Improv. | Total |
| \$ 13,248.92 | \$ 11,333.53 | \$ 6,535.26 | \$ 51,427.11 |
| - | - | - | 10,125.00 |
| 13,248.92 | 11,333.53 | 6,535.26 | 61,552.11 |
| - | - | - | 9,400.00 |
| - | 601,248.90 | 50,814.68 | 688,363.58 |
| - | 601,248.90 | 50,814.68 | 697,763.58 |
| 13,248.92 | (589,915.37) | (44,279.42) | (636,211.47) |
| 35,000.00 | 856,000.00 | 500,000.00 | 1,616,000.00 |
| - | - | - | - |
| 35,000.00 | 856,000.00 | 500,000.00 | 1,616,000.00 |
| 48,248.92 | 266,084.63 | 455,720.58 | 979,788.53 |
| 762,292.33 | 996,296.89 | 287,360.79 | 3,235,741.24 |
| <u>\$ 810,541.25</u> | <u>\$ 1,262,381.52</u> | <u>\$ 743,081.37</u> | <u>\$ 4,215,529.77</u> |
| \$ 810,541.25 | \$ 1,262,381.52 | \$ 743,081.37 | \$ 4,215,529.77 |
| - | - | - | - |
| <u>\$ 810,541.25</u> | <u>\$ 1,262,381.52</u> | <u>\$ 743,081.37</u> | <u>\$ 4,215,529.77</u> |

See accompanying independent auditor's report.

City of Carroll
Schedule of Indebtedness
Year ended June 30, 2023

| Obligation | Date of Issue | Interest Rates | Amount Originally Issued |
|-------------------------------------------------------------------------------|----------------------|-----------------------|---------------------------------|
| Revenue Bonds | | | |
| Sewer Revenue Bonds | 6/9/2004 | 1.75% | 10,998,000.00 |
| General Obligation/Capital Loan Notes: | | | |
| Capital Loan Note Series 2020A | 3/25/2020 | 4-5.00% | 1,505,000.00 |
| Capital Loan Note Series 2021A | 10/14/2021 | 1.00-2.00% | 3,325,000.00 |
| Capital Loan Note Series 2015A GO Refunding Loan | 4/23/2015 | .75-1.85% | 1,770,000.00 |
| 2022 GO Debt GO Cap Loan | 6/20/2022 | 0.00% | 350,000.00 |
| Capital Loan Note Series 2016B GO Cap Loan | 11/30/2016 | .8-1.60% | 2,290,000.00 |
| General Obligation - Local Option Sales and Service Tax Bonds Series 2022A | 10/12/2022 | 3-4.00% | 5,400,000.00 |
| | | | <u>\$ 26,758,000.00</u> |

Schedule 3

| Balance Beginning of Year | Issued During Year | Redeemed During Year | Balance End of Year | Interest Paid | Interest Due and Unpaid |
|---------------------------------|--------------------------|----------------------------|---------------------------|----------------------|-------------------------------|
| 2,098,000.00 | - | 678,000.00 | 1,420,000.00 | 36,715.00 | - |
| 970,000.00 | - | 120,000.00 | 850,000.00 | 46,900.00 | - |
| 2,870,000.00 | | 235,000.00 | 2,635,000.00 | 47,000.00 | - |
| 280,000.00 | - | 280,000.00 | - | 5,180.00 | - |
| - | 350,000.00 | 350,000.00 | - | - | - |
| 585,000.00 | - | 290,000.00 | 295,000.00 | 9,070.00 | - |
| - | 5,400,000.00 | 265,000.00 | 5,135,000.00 | 125,767.12 | - |
| <u>\$ 6,803,000.00</u> | <u>\$ 5,750,000.00</u> | <u>\$ 2,218,000.00</u> | <u>\$ 10,335,000.00</u> | <u>\$ 270,632.12</u> | <u>\$ -</u> |

See accompanying independent auditor's report.

City of Carroll
Bond and Note Maturities
June 30, 2023

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City of Carroll

City of Carroll

**Schedule of Cash Receipts, Disbursements
and Change in Cash Balances
Capital Projects Funds
Year Ended June 30, 2023**

| | Street Rehabilitation | Library City Hall | Streets Maintenance Building | Housing Fund |
|---------------------------------------------------------------------------------------|----------------------------------|------------------------------|---------------------------------------------|-------------------------|
| Receipts: | | | | |
| Use of money and property: | | | | |
| Interest on investments | \$ 9,449.98 | \$ - | \$ 7,254.03 | \$ - |
| Intergovernmental: | | | | |
| Federal Grant | - | - | - | 34,137.00 |
| State Grant | - | - | - | - |
| Carroll County | - | 5,000.00 | - | - |
| | - | 5,000.00 | - | 34,137.00 |
| Miscellaneous: | | | | |
| Donations | - | - | - | - |
| Other Miscellaneous income | - | - | - | - |
| | - | - | - | - |
| Total receipts | 9,449.98 | 5,000.00 | 7,254.03 | 34,137.00 |
| Disbursements: | | | | |
| Capital outlay | 837,388.20 | - | 665,227.48 | 34,137.00 |
| | 837,388.20 | - | 665,227.48 | 34,137.00 |
| Total disbursements | 837,388.20 | - | 665,227.48 | 34,137.00 |
| Deficiency of receipts under disbursements | (827,938.22) | 5,000.00 | (657,973.45) | - |
| Other financing sources (uses): | | | | |
| General Obligation debt proceeds | 350,000.00 | - | - | - |
| Transfers In (Out): | | | | |
| To General Fund & others | - | - | - | - |
| From General Fund & others | 2,060,000.00 | - | - | - |
| | 2,410,000.00 | - | - | - |
| Excess (deficiency) of receipts and other financing sources (uses) over disbursements | 1,582,061.78 | 5,000.00 | (657,973.45) | - |
| Balance beginning of year | 1,291,445.26 | (5,000.00) | 904,461.06 | - |
| Balance end of year | \$ 2,873,507.04 | \$ - | \$ 246,487.61 | \$ - |

Schedule 5

| Corridor of Commerce | Airport | Parks & Recreation | Rec Center Building Improvements | Total |
|---------------------------------|-----------------------|-----------------------------------|-------------------------------------------------|------------------------|
| \$ 19,674.50 | \$ - | \$ 6,604.69 | \$ 67,808.35 | \$ 110,791.55 |
| - | - | - | - | 34,137.00 |
| - | - | 12,500.00 | - | 12,500.00 |
| - | - | - | - | 5,000.00 |
| - | - | 12,500.00 | - | 51,637.00 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 19,674.50 | - | 19,104.69 | 67,808.35 | 162,428.55 |
| 14,484.53 | 90,167.99 | 456,886.45 | \$ 2,901,589.40 | 4,999,881.05 |
| 14,484.53 | 90,167.99 | 456,886.45 | \$ 2,901,589.40 | 4,999,881.05 |
| 14,484.53 | 90,167.99 | 456,886.45 | 2,901,589.40 | 4,999,881.05 |
| 5,189.97 | (90,167.99) | (437,781.76) | (2,833,781.05) | (4,837,452.50) |
| - | - | - | 5,446,259.45 | 5,796,259.45 |
| - | - | - | - | - |
| - | 47,750.00 | 778,080.00 | - | 2,885,830.00 |
| - | 47,750.00 | 778,080.00 | 5,446,259.45 | 8,682,089.45 |
| 5,189.97 | (42,417.99) | 340,298.24 | 2,612,478.40 | 3,844,636.95 |
| 1,155,634.24 | - | 581,482.32 | 870,703.16 | 4,798,726.04 |
| <u>\$ 1,160,824.21</u> | <u>\$ (42,417.99)</u> | <u>\$ 921,780.56</u> | <u>\$ 3,483,181.56</u> | <u>\$ 8,643,362.99</u> |

See accompanying independent auditor's report.

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

For the Years ended June 30,

| | 2023 | 2022 | 2021 | 2020 |
|--------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Receipts: | | | | |
| Property tax | \$ 7,441,454.01 | \$ 7,432,964.87 | \$ 7,328,831.22 | \$ 7,052,783.10 |
| Other Taxes | 2,619,394.72 | 2,488,266.11 | 2,217,085.63 | 2,053,020.74 |
| Non-property tax | - | - | - | - |
| Use of money and property | 386,577.37 | 101,880.63 | 158,680.20 | 280,459.94 |
| Licenses and permits | 84,711.87 | 67,020.47 | 75,454.31 | 90,495.04 |
| Intergovernmental | 2,455,486.05 | 2,817,778.90 | 3,085,892.02 | 2,281,542.27 |
| Charges for Services | 1,947,103.44 | 1,930,576.66 | 1,640,309.35 | 1,547,001.74 |
| Special assessments | - | - | - | - |
| Fines and fees | 59,748.22 | 67,954.68 | 68,379.13 | 60,471.19 |
| Miscellaneous | 163,315.15 | 149,326.03 | 285,049.93 | 871,911.63 |
| Total receipts | 15,157,790.83 | 15,055,768.35 | 14,859,681.79 | 14,237,685.65 |
| Disbursements: | | | | |
| Public Safety Program | 2,399,330.03 | 2,469,098.67 | 2,158,542.11 | 2,236,879.08 |
| Public Works Program | 2,339,018.39 | 2,214,512.40 | 1,997,251.85 | 2,052,228.93 |
| Health and Social Services Program | 69,397.00 | 81,315.00 | 129,325.00 | 93,325.00 |
| Culture and Recreation Program | 3,096,905.90 | 3,136,290.43 | 2,699,337.38 | 2,650,607.53 |
| Community and Economic Development Program | 381,947.44 | 200,747.51 | 419,988.71 | 190,073.12 |
| General Government | 1,227,188.88 | 1,091,168.46 | 1,015,121.89 | 1,217,044.71 |
| Debt Service | 2,496,577.11 | 5,399,791.84 | 2,098,862.52 | 2,030,962.50 |
| Capital Projects | 4,999,881.05 | 4,714,604.90 | 3,775,485.94 | 5,449,046.09 |
| Total disbursements | 17,010,245.80 | 19,307,529.21 | 14,293,915.40 | 15,920,166.96 |
| Excess (deficiency) of receipts over (under) disbursements | (1,852,454.97) | (4,251,760.86) | 565,766.39 | (1,682,481.31) |
| Other financing sources, net | 6,585,631.95 | 4,157,620.29 | 124,007.00 | 2,897,718.68 |
| Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements | 4,733,176.98 | (94,140.57) | 689,773.39 | 1,215,237.37 |
| Balance beginning of year | 15,491,635.40 | 15,585,775.97 | 14,896,002.58 | 13,680,765.21 |
| Balance end of year | \$ 20,224,812.38 | \$ 15,491,635.40 | \$ 15,585,775.97 | \$ 14,896,002.58 |

Schedule 6

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| \$ 6,734,687.99 | \$ 6,467,815.32 | \$ 6,315,574.14 | \$ 6,356,527.42 | \$ 6,592,626.16 | \$ 6,067,014.23 |
| 1,902,607.73 | 1,804,817.86 | 1,913,639.18 | 1,728,626.59 | 1,799,782.76 | 1,601,246.98 |
| - | - | - | - | - | - |
| 267,235.44 | 139,478.38 | 108,417.25 | 81,388.36 | 67,284.88 | 52,740.68 |
| 76,014.66 | 87,502.24 | 80,503.84 | 82,998.16 | 83,630.71 | 75,342.69 |
| 2,445,890.92 | 2,561,416.90 | 2,126,946.58 | 1,945,518.85 | 1,512,758.17 | 1,199,469.11 |
| 1,693,835.76 | 1,725,978.03 | 1,677,192.37 | 1,720,850.72 | 1,687,492.25 | 1,776,696.48 |
| - | - | - | - | - | - |
| 62,887.98 | 103,202.40 | 64,996.72 | 69,564.35 | 70,730.45 | 75,342.29 |
| 1,597,310.18 | 377,022.90 | 357,396.35 | 227,960.13 | 179,109.35 | 209,639.55 |
| 14,780,470.66 | 13,267,234.03 | 12,644,666.43 | 12,213,434.58 | 11,993,414.73 | 11,057,492.01 |
| 2,059,093.69 | 2,084,334.72 | 1,998,800.30 | 1,938,331.21 | 1,906,630.63 | 1,776,907.84 |
| 2,478,038.94 | 2,350,036.21 | 2,089,764.87 | 2,065,191.97 | 2,067,094.76 | 2,185,955.93 |
| 104,185.00 | 107,005.00 | 101,375.00 | 100,325.00 | 102,525.00 | 107,575.00 |
| 2,585,735.57 | 2,633,372.95 | 2,665,031.90 | 2,521,114.49 | 2,603,412.07 | 2,516,906.96 |
| 170,364.81 | 119,838.71 | 114,582.22 | 145,531.69 | 157,123.42 | 239,825.48 |
| 976,189.60 | 981,728.74 | 1,037,872.98 | 974,943.53 | 935,009.41 | 922,779.99 |
| 1,664,805.45 | 1,781,586.15 | 1,743,657.18 | 3,526,090.38 | 2,196,365.03 | 2,352,246.01 |
| 7,966,445.95 | 4,310,251.73 | 3,266,965.70 | 2,551,695.07 | 2,326,714.41 | 973,421.15 |
| 18,004,859.01 | 14,368,154.21 | 13,018,050.15 | 13,823,223.34 | 12,294,874.73 | 11,075,618.36 |
| (3,224,388.35) | (1,100,920.18) | (373,383.72) | (1,609,788.76) | (301,460.00) | (18,126.35) |
| 5,714,833.75 | 1,223,775.75 | 1,019,479.55 | 1,952,357.00 | 4,008,242.75 | 1,040,982.25 |
| 2,490,445.40 | 122,855.57 | 646,095.83 | 342,568.24 | 3,706,782.75 | 1,022,855.90 |
| 11,190,319.81 | 11,067,464.24 | 10,421,368.41 | 10,078,800.17 | 6,372,017.42 | 5,349,161.52 |
| \$13,680,765.21 | \$11,190,319.81 | \$11,067,464.24 | \$ 10,421,368.41 | \$ 10,078,800.17 | \$ 6,372,017.42 |

See accompanying independent auditor's report.

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

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

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carroll, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 23, 2023. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, significant deficiencies or material weaknesses may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses or significant deficiencies.

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2023, 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 performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of 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 CPAs, P.C.
September 26, 2023

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

I. Summary of Independent Auditor's Results

- a) Unmodified opinions were issued on the financial statements, which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- b) The audit did not disclose non-compliance, which is material to the financial statements.

Findings Related to the Financial Statements:

Internal Control Deficiencies:

No matters were noted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

III. Other Findings Related to Statutory Reporting:

III-A-23 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, 2023.

III-B-23 Certified Budget - Disbursements during the year ended June 30, 2023, 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-23 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-23 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

| <u>Name, Title, and Business</u> | <u>Transaction</u> | <u>Amount</u> |
|----------------------------------------------|--------------------|---------------|
| Kyle Bauer, General Manager New Way Ford. | Pickup Bid | \$ 21,740.00 |

The transaction for the purchase of a pickup in the amount of \$21,740.00 does not appear to represent a conflict of interest since it was entered into through a competitive bidding process in accordance with Chapter 362.5(3)(j) of the Code of Iowa.

III-E-23 Excess Balance – The balances in the Special Revenue Funds: Federal Grants, Road Use Tax, Rec Center Trust, Library Trust, Police Forfeiture and Crime Prevention/Special projects account at June 30, 2023, were in excess of the disbursements for those funds for the year as was Capital Projects – Corridor of Commerce, Streets, Rec Center Building and Parks & Recreation; and the following Enterprise Funds: Water Depreciation, Water Meter Deposit; Sewer Utility Depreciation, Sewer Utility Capital Improvement, Storm Water Utility, and Storm Water Capital Improvement.

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 Enterprise Funds have planned future programs and projects that will reduce

the fund balances.

Conclusion – Response accepted.

- III-F-23 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-G-23 Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-H-23 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-I-23 Revenue Bonds and Notes – We noted no instances of non-compliance with the terms of the City's revenue bond/note provisions.
- III-J-23 Financial Condition – We observed deficit ending balance for Capital Project - Airport in the amount of -\$42,417.99 as of June 30, 2023.

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

Response — The deficit in the Capital Project – Airport fund is due to timing of receipt of a Federal Aviation Administration (FAA) grant for a capital project that started in FY 2023. The deficit is anticipated to be eliminated in FY 2024.

Conclusion – Response accepted.

- III-K-23 Tax Increment Financing (TIF) Chapter 403.19 and 403.22 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax submitted in fiscal year 2023. 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. Also, the City properly completed the tax increment Debt Certificate Forms to request TIF property taxes.
- III-L-23 Urban Renewal Annual Report – The Annual Urban Renewal Report was approved by Council November 14, 2022, and timely submitted to State by deadline.