

CITY OF CARROLL

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

JUNE 30, 2008

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

City of Carroll
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City of Carroll

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Pedelty	Mayor	December 31, 2009
Carolyn Siemann	Mayor Pro Tempore	December 31, 2009
Bob Eich	Council Member - Ward 1	December 31, 2009
Tom Tait	Council Member - Ward 2	December 31, 2011
Mike Eifler	Council Member - Ward 3	December 31, 2009
Carolyn Siemann	Council Member - Ward 4	December 31, 2011
Jeff Scharfenkamp	Council Member - At-Large	December 31, 2009
Phil Phillips	Council Member - At-Large	December 31, 2011
Gerald Clausen	City Manager	June 30, 2008 (1)
Laura Schaefer	City Clerk, Treas. & Finance Dir.	June 30, 2009 (2)
Debra K. Goetzinger	Deputy City Clerk	June 30, 2009 (2)
Randall M. Krauel	Public Works Director	June 30, 2009 (2)
Jack Wardell	Parks and Recreation Director	June 30, 2009 (2)
David S. Bruner	City Attorney	Indefinite (1)
Jeffrey Cayler	Chief of Police	Indefinite (1)
Greg Schreck	Building/Fire Safety Official	June 30, 2009 (2)
Kelly Fischbach	Library Director	June 30, 2009 (2)
Gary Schroeder	Library Trustee/VP	December 31, 2012
Tom Louis	Library Trustee	December 31, 2012
Greg Siemann	Library Trustee	December 31, 2013
Jana Bogue	Library Trustee	December 31, 2012
Lois Neu	Library Trustee	December 31, 2013
Peggy Stence (County Representative)	Library Trustee	December 31, 2010
Patricia Hartley	Library Trustee/Secretary	December 31, 2010
Marilyn Setzler	Library Trustee	December 31, 2010
Carol Blincow	Library Trustee/President	December 31, 2008
Greg Siemann	Airport Commissioner	December 31, 2008
Norman Hutcheson	Airport Commissioner/Chairman	December 31, 2010
Gene Vincent	Airport Commissioner	December 31, 2011
John Knorr	Airport Commissioner	December 31, 2012
Robert Raue	Airport Commissioner	December 31, 2012

(1) Not Elected - No specific term - Employment Agreement expires on the date shown.

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

City of Carroll

Feldmann & Company CPAs, P.C.

523 North Main Street
Carroll, Iowa 51401
(712) 792-2464

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Carroll's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2008, 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 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 16 and 35 through 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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 second paragraph of this report, the financial statements for the three years ended June 30, 2007, (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplemental information included in Schedules 1 through 5, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Feldmann & Company CPAs, P.C.

August 28, 2008

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Carroll provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. 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 21.75% or approximately \$2,700,000 from fiscal year 2007 (FY 07). The increase is mainly due to the issuance of bonds. In FY 08, \$250,000 was issued to replace the parks maintenance building that was destroyed by fire, \$350,000 was issued for the construction of a sanitary sewer lift station in the Westfield Urban Renewal Area, \$450,000 was issued for roadway extension and other public improvements in the Westfield Urban Renewal Area, \$250,000 was issued for public improvements in the Oak Park Subdivision Plat No. 2 Urban Renewal Area and \$2,960,000 was issued for the construction of a new aquatic center. The increase was offset by a decrease in capital grants mainly due to more grant money received in FY 07 for airport projects and the depot rehabilitation project.
- Disbursements decreased \$2,308,000, or about 16.5%, from FY 07. Public safety and capital project expenditures are the primary reason for this decrease. In FY 07, capital projects included streets, Fire Hall construction, Police Department Remodeling, Corridor of Commerce construction, and Airport runway paving and lighting project. In FY 08, many new projects were in the planning stages anticipating construction in FY 09.
- The City's governmental funds' cash balance remains strong on June 30, 2008 due to an increase of approximately \$3,466,000 or 63.48% from June 30, 2007.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides details about the nonmajor governmental funds.

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 Statement of Activities and Net Assets reports information which helps answer this question.

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

The Statement of Activities and Net Assets is divided into two kinds of activities:

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

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Fund. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you 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.

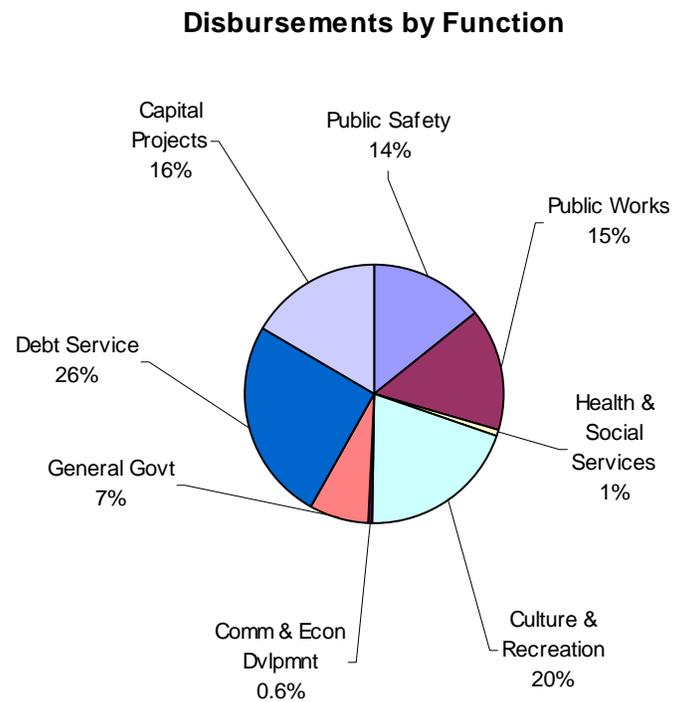
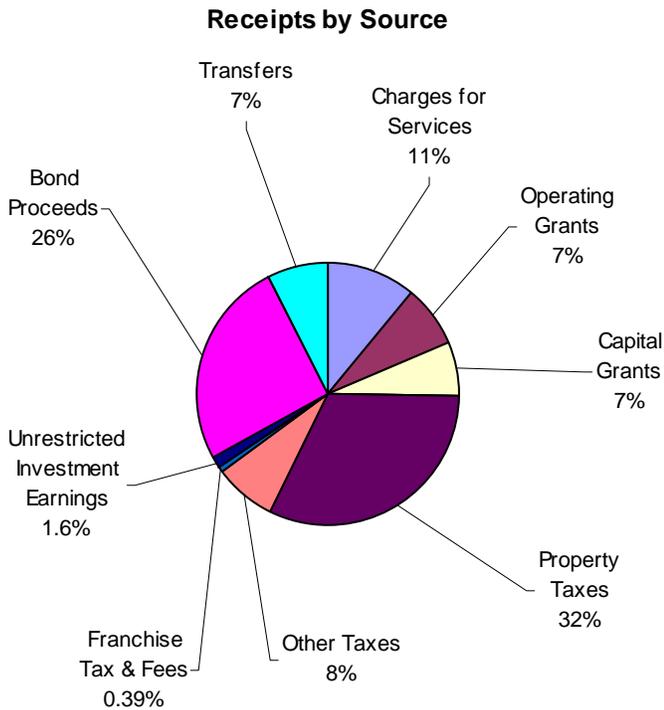
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains Enterprise Funds to provide separate information for the water, sewer and storm water funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets 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 \$5.460 million to \$8.926 million. Our analysis below focuses on the changes in cash basis net assets of governmental activities.

	Changes in Cash Balances of Governmental Activities (Expressed in Thousands)	
	2008	2007
Receipts & Transfers:		
Program Receipts:		
Charges for Services & Sales	\$ 1,679	\$ 1,653
Operating Grants, Contributions and Restricted Interest	1,123	1,184
Capital Grants, Contributions and Restricted interest	1,027	1,755
General Receipts		
Property Tax	4,822	4,706
Other Taxes	1,180	1,141
Franchise Tax & Fees	59	53
Grants & Contributions not Restricted	-	-
Unrestricted Investment Earnings	247	317
Bond Proceeds	3,858	487
Other General Receipts	5	5
Transfers, net	1,114	1,113
Total Receipts and Transfers	15,114	12,414
Disbursements:		
Public Safety	1,656	2,042
Public Works	1,788	1,603
Health & Social Services	90	83
Culture & Recreation	2,311	1,941
Community & Economic Development	67	197
General Government	852	741
Debt Service	2,979	2,837
Capital Projects	1,905	4,512
Total Disbursements	11,648	13,956
Increase (Decrease) in Cash Balance	3,466	(1,542)
Cash Balance Beginning of Year	5,460	7,002
Cash Balance End of Year	\$ 8,926	\$ 5,460



The City's total receipts for governmental activities increased by 21.75% percent (\$2,700,000). The total cost of all programs and services decreased by approximately \$2,308,000, or about 16.5%. The increase in receipts is mainly due to the issuance of bonds in FY 08. In FY 07, \$515,000 of capital loan notes were issued for public improvements in the Ashwood Business Park Urban Renewal Area. In FY 08, \$250,000 was issued to replace the parks maintenance building that was destroyed by fire, \$450,000 was issued for roadway extension and other public improvements in the Westfield Urban Renewal Area, \$250,000 was issued for public improvements in the Oak Park Subdivision Plat No. 2 Urban Renewal Area and \$2,960,000 was issued for the construction of a new aquatic center. The decrease in cost of all programs and services is due to less capital expenditures in FY 08.

The City increased the property tax rate in 2008 by approximately 0.06% which generated approximately \$56,000 more property tax revenues. Total general property tax revenues (including TIF collections) increased by \$116,000 due mainly to the increase in the debt service levy to service principal and interest payments. The City uses 25% of LOST collections towards the debt service levy for tax relief. In FY 08, the City utilized \$288,022 of LOST towards the debt service levy.

Overall the City's governmental program receipts decreased by approximately \$763,000, or 16.6%. Charges for services and sales and operating grants, contributions and restricted interest remained constant from FY 07. Capital grants, contributions and restricted interest decreased mainly to receiving grant money for capital projects in FY 07.

Business-Type Activities

Changes in Cash Balances of Business-Type Activities (Expressed in Thousands)

	2008	2007
Receipts & Transfers:		
Program Receipts:		
Charges for Services & Sales		
Water	\$ 1,539	\$ 1,467
Sewer	1,395	1,331
Storm Water	247	242
General Receipts		
Unrestricted Investment Earnings	207	194
Bond Proceeds	349	-
Intergovernmental	-	200
Other General Receipts	61	53
Transfers, net	(1,114)	(1,113)
Total Receipts and Transfers	2,684	2,374
Disbursements:		
Water	975	689
Sewer	1,373	760
Storm Water	7	55
Total Disbursements	2,355	1,504
Increase in Cash Balance	329	870
Cash Balance Beginning of Year	3,533	2,663
Cash Balance End of Year	\$ 3,862	\$ 3,533

The cash balance at June 30, 2008 was \$3,862,000, an increase of approximately \$329,000. The increase is due in part to the issuance of bonds for the construction of a sanitary sewer lift station in the Westfield Urban Renewal Area. Disbursements have increased as a result of expenditures for capital improvement projects in both water (well improvements) and sewer (sanitary sewer lift station and wastewater treatment plant) funds. Construction expenses paid for these projects were \$1,136,000 and \$281,300 in FY 08 and FY 07, respectively.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed the year, its governmental funds reported a combined fund balance of \$8,925,714, an increase of approximately \$3,465,000 from last year's total of \$5,460,654. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The City continues to maintain a very strong General Fund balance, which is approximately 43.5% of General Fund receipts. The General Fund balances are projected to be spent down to approximately 25% of receipts over the next few years. The City budgets to maintain a General Fund balance of 25% of receipts for bond rating purposes. This fund is being used for various projects and one-time expenditures.
- The Road Use Tax Fund cash balance increased by \$126,900 to \$742,300 during the fiscal year. The City intends to use this money on future street projects.
- The Debt Service cash balance increased by \$13,200 to \$64,300. A Water General Obligation Bond payment in the amount of \$313,248 is included as a part of the General Government debt of \$2,214,759. The Water General Obligation debt is paid from user fees of the Water Utility Fund. \$764,395 of the total debt service disbursements (\$2,979,154) was for a sewer revenue bond payment. The sewer revenue bond payment is paid from user fees from the Sewer Utility Fund. The City uses 25% of local option sales tax collections for tax relief as part of the debt service levy. In FY 08, \$288,022 of sales tax collections was used to offset the debt service levy.
- The Capital Projects Fund balance on June 30, 2008 was \$3,810,253, an increase of \$3,031,300 from FY 07. The increase is mainly due to bond proceeds received for public improvements in the Westfield Urban Renewal Area and Oak Park Subdivision Plat No 2 Urban Renewal Area, replacement of the parks maintenance building and construction of a new outdoor aquatic center.
- The cash balance of the Water Utility Fund increased by \$424,300 to \$2,831,300. Annual rate increases have been applied to water rates in an effort to accumulate cash reserves for future capital expenditures and cover increased operating costs.
- The cash balance of the Sewer Fund decreased by approximately \$347,800 to \$624,700. The primary reason for the decrease in the cash balance is due to construction expenses paid for a new wastewater treatment plant and sanitary sewer lift station in the Westfield Urban Renewal Area projects.

- The cash balance of the Storm Water Utility increased \$252,200 to \$406,000. The fund is used to accumulate cash reserves to help maintain the storm water utility system within the City. The cash balance will be used to pay for future capital projects.

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 26, 2007 and resulted in an increase in disbursements (including transfers) of approximately \$2.333 million and an increase in revenues and other financing sources of approximately \$375,000. The amendment was primarily to account for FY 2006/2007 budget projects carried over and various other projects with capital grants, operating grants or contributions as funding sources. The second budget amendment was approved on May 27, 2008 and resulted in an increase in disbursements (including transfers) of approximately \$1.893 million and an increase in revenues and other financing sources of approximately \$3.726 million. The amendment was primarily to account for construction projects that included Kittyhawk Avenue road extension and lift station, parks maintenance building, skate park, aquatic center and lagoon cleaning.

DEBT ADMINISTRATION

At year-end, the City had approximately \$22,244,000 in bonds and other long-term debt compared to approximately \$20,248,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	2008	2007
General Obligation Bonds	\$ 9,065	6,210
General Obligation Capital Loan Notes	3,445	3,870
Sewer Revenue Capital Loan Notes	9,734	10,168
Total	\$ 22,244	20,248

Debt increased as a result of the issuance of general obligation bonds for the construction of the parks maintenance building, sanitary sewer lift station and other public improvements in the Westfield Urban Renewal Area and Oak Park Subdivision Plat No. 2 Urban Renewal Area and new outdoor aquatic center. As of June 30, 2008, the City anticipates to receive the remaining \$2,000 in sewer revenue capital loan notes upon completion of the wastewater treatment plant.

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$12,510,000 is well below the City's \$29.5 million legal debt limit. There is a pay down schedule on this debt with full retirement within 15 years for all the issuances except for one \$2.96 million general obligation bond (20 years-2027), and the revenue capital loan notes which have a retirement within 17 years (2025).

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's citizens and elected and appointment officials considered many factors when setting the 2009 fiscal year budget and the associated tax rates and fees for services. One of those factors is the local economy. The regional economy is stable. New job growth has kept unemployment at a stable low rate ranging from 2.7% - 2.8% with retail sales remaining strong.

The City is continuously pursuing new revenue sources including regional, state and federal grants. The addition of the 1% local option sales tax has generated revenue of approximately \$1.14 million in FY 08 with estimates from the State of Iowa Department of Revenue to be slightly increasing to approximately \$1.20 million in the next fiscal year.

The City has budgeted the general fund in a consistent manner to previous years. The City continues to replace smaller capital items like cars, trucks, mowers and computers as needed.

The Fiscal Year 2009 budget includes a slightly lower property tax levy compared to FY 2008 from \$13.12655 to \$13.11690 per \$1,000 taxable value. Taxable valuations increased slightly (2.95%) from FY 08. The slight increase in property valuations and slight decrease in property tax levy will generate approximately 4.63% or \$199,000 more in tax revenues. This increase is mainly due to tax revenues being collected for employee benefits and general and tort liability insurance.

City of Carroll
Basic Financial Statements

**City of Carroll
Statement of Activities and
Net Assets - Cash Basis
Year ended June 30, 2008**

Functions/Programs	Expenses
Governmental Activities	
Public Safety Program	\$ 1,655,781.72
Public Works Program	1,788,510.61
Health and Social Services Program	90,525.00
Culture and Recreation Program	2,311,280.21
Community & Economic Development Program	67,649.18
General Government	852,122.85
Debt Service	2,979,153.95
Capital Projects	1,904,653.13
Total governmental activities	11,649,676.65
Business Type Activities	
Water	975,004.21
Sewer	464,956.13
Storm Water	6,539.00
Sewer Capital Improvements	908,668.98
Total business type activities	2,355,168.32
Total	\$ 14,004,844.97
General Receipts:	
Property Taxes levied for:	
General purpose	
Debt Service	
Hotel Motel Tax	
Local Option Sales Tax	
Franchise taxes and fees	
Grants and contributions not restricted to specific purpose	
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 Assets	
Restricted:	
Streets	
Urban Renewal purposes	
Debt Service	
Other purposes	
Unrestricted	
Total cash basis net assets	

Program Revenues			Net (Disbursements) Receipts		
Charges for Services	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
\$ 145,992.36	\$ 179,987.61	\$ -	\$ (1,329,801.75)	\$ -	\$ (1,329,801.75)
524,903.00	883,452.17	-	(380,155.44)	-	(380,155.44)
41,395.00	-	-	(49,130.00)	-	(49,130.00)
947,358.33	59,605.53	86,225.89	(1,218,090.46)	-	(1,218,090.46)
2,500.00	-	-	(65,149.18)	-	(65,149.18)
16,717.47	-	-	(835,405.38)	-	(835,405.38)
-	-	19,084.00	(2,960,069.95)	-	(2,960,069.95)
-	-	921,607.83	(983,045.30)	-	(983,045.30)
<u>1,678,866.16</u>	<u>1,123,045.31</u>	<u>1,026,917.72</u>	<u>(7,820,847.46)</u>	<u>-</u>	<u>(7,820,847.46)</u>
1,577,574.11	56.00	-	-	602,625.90	602,625.90
1,411,240.44	-	-	-	946,284.31	946,284.31
248,034.31	-	-	-	241,495.31	241,495.31
-	-	-	-	(908,668.98)	(908,668.98)
<u>3,236,848.86</u>	<u>56.00</u>	<u>-</u>	<u>-</u>	<u>881,736.54</u>	<u>881,736.54</u>
<u>\$ 4,915,715.02</u>	<u>\$ 1,123,101.31</u>	<u>\$ 1,026,917.72</u>	<u>(7,820,847.46)</u>	<u>881,736.54</u>	<u>(6,939,110.92)</u>
			4,130,906.23	-	4,130,906.23
			691,306.27	-	691,306.27
			39,664.03	-	39,664.03
			1,139,747.52	-	1,139,747.52
			58,918.36	-	58,918.36
			-	-	-
			247,368.23	206,880.21	454,248.44
			3,858,441.00	349,370.00	4,207,811.00
			5,313.65	5,031.61	10,345.26
			1,114,242.50	(1,114,242.50)	-
			<u>11,285,907.79</u>	<u>(552,960.68)</u>	<u>10,732,947.11</u>
			3,465,060.33	328,775.86	3,793,836.19
			5,460,653.95	3,533,275.53	8,993,929.48
			<u>\$ 8,925,714.28</u>	<u>\$ 3,862,051.39</u>	<u>\$ 12,787,765.67</u>
			\$ 742,290.18	\$ -	\$ 742,290.18
			1,060,448.85	-	1,060,448.85
			64,268.66	-	64,268.66
			816,213.46	-	816,213.46
			6,242,493.13	\$ 3,862,051.39	10,104,544.52
			<u>\$ 8,925,714.28</u>	<u>\$ 3,862,051.39</u>	<u>\$ 12,787,765.67</u>

City of Carroll
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
Year ended June 30, 2008

	General	Special Revenue Road Use Tax
Receipts:		
Property tax	\$ 2,830,967.19	\$ -
Other Taxes	39,664.03	-
Non-property tax	58,918.36	-
Use of money and property	113,806.24	-
Licenses and permits	89,455.95	-
Intergovernmental	260,825.11	869,021.62
Charges for service	1,432,308.31	-
Special assessments	5,132.00	-
Fines and fees	46,081.65	-
Miscellaneous	79,038.84	12,433.00
Total receipts	4,956,197.68	881,454.62
Disbursements:		
Public Safety	1,639,022.51	-
Public Works	1,032,955.34	755,555.27
Health and Social Services	90,525.00	-
Culture and Recreation	2,289,890.55	-
Community & Economic Development	62,157.25	-
General Government	852,122.85	-
Debt Service	-	-
Capital Projects	-	-
Total disbursements	5,966,673.50	755,555.27
Excess (deficiency) of receipts over (under) disbursements	(1,010,475.82)	125,899.35
Other financing sources (uses):		
Bond/note proceeds	-	-
Operating transfers in	906,305.63	-
Operating transfers(out)	(46,686.54)	-
Total other financing sources (uses)	859,619.09	-
Excess (deficiency)of receipts and other financing sources over disbursements and other financing uses	(150,856.73)	125,899.35
Cash balance beginning of year	2,307,991.09	616,390.83
Cash balance end of year	\$ 2,157,134.36	\$ 742,290.18
Cash Basis Fund Balances		
Reserved for debt service		
Unreserved:		
General	\$ 2,157,134.36	
Special revenue funds		\$ 742,290.18
Capital project fund		
Permanent fund		
Total cash basis funds balances	\$ 2,157,134.36	\$ 742,290.18

Exhibit B

Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
\$ 691,306.27	\$ -	\$ 1,299,939.04	\$ 4,822,212.50
-	-	1,139,747.52	1,179,411.55
-	-	-	58,918.36
19,084.00	35,574.38	101,982.61	270,447.23
-	-	-	89,455.95
-	297,888.00	10,831.26	1,438,565.99
-	-	39,662.41	1,471,970.72
-	-	-	5,132.00
-	-	-	46,081.65
-	654,189.42	14,196.27	759,857.53
<u>710,390.27</u>	<u>987,651.80</u>	<u>2,606,359.11</u>	<u>10,142,053.48</u>
-	-	16,759.21	1,655,781.72
-	-	-	1,788,510.61
-	-	-	90,525.00
-	-	21,389.66	2,311,280.21
-	-	5,491.93	67,649.18
-	-	-	852,122.85
2,979,153.95	-	-	2,979,153.95
-	1,904,653.13	-	1,904,653.13
<u>2,979,153.95</u>	<u>1,904,653.13</u>	<u>43,640.80</u>	<u>11,649,676.65</u>
<u>(2,268,763.68)</u>	<u>(917,001.33)</u>	<u>2,562,718.31</u>	<u>(1,507,623.17)</u>
-	3,858,441.00	-	3,858,441.00
2,281,981.23	89,874.15	1,401.04	3,279,562.05
-	-	(2,118,633.01)	(2,165,319.55)
<u>2,281,981.23</u>	<u>3,948,315.15</u>	<u>(2,117,231.97)</u>	<u>4,972,683.50</u>
13,217.55	3,031,313.82	445,486.34	3,465,060.33
51,051.11	778,939.40	1,706,281.52	5,460,653.95
<u>\$ 64,268.66</u>	<u>\$ 3,810,253.22</u>	<u>\$ 2,151,767.86</u>	<u>\$ 8,925,714.28</u>
\$ 64,268.66			\$ 64,268.66
			2,157,134.36
		\$ 1,799,071.13	2,541,361.31
	\$ 3,810,253.22		3,810,253.22
		352,696.73	352,696.73
<u>\$ 64,268.66</u>	<u>\$ 3,810,253.22</u>	<u>\$ 2,151,767.86</u>	<u>\$ 8,925,714.28</u>

See accompanying notes to financial statements.

City of Carroll
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds
Year ended June 30, 2008

	Water
Receipts:	
Charges for service	\$ 1,539,307.48
Use of money and property	150,549.04
Miscellaneous	43,353.24
Total Receipts	1,733,209.76
Disbursements:	
Business-type activities:	
Operations	673,854.90
Capital Outlay	301,149.31
Total Disbursements	975,004.21
Excess (deficiency) of receipts over (under) disbursements	758,205.55
Other financing sources (uses):	
Bond/note proceeds	-
Operating transfers in	50,000.00
Operating transfers (out)	(383,847.50)
Total other financing sources (uses)	(333,847.50)
Excess of receipts and other financing sources over disbursements and other financing uses	424,358.05
Cash balance beginning of year	2,406,968.79
Cash balance end of year	\$ 2,831,326.84
Cash Basis Fund Balances	
Unreserved	\$ 2,831,326.84
Total cash basis fund balances	\$ 2,831,326.84

Exhibit C

Enterprise Funds		
Sewer	Storm Water	Total
\$ 1,395,159.86	\$ 246,583.25	\$ 3,181,050.59
45,621.43	10,709.74	206,880.21
16,081.58	1,451.06	60,885.88
1,456,862.87	258,744.05	3,448,816.68
464,956.13	6,019.00	1,144,830.03
908,668.98	520.00	1,210,338.29
1,373,625.11	6,539.00	2,355,168.32
83,237.76	252,205.05	1,093,648.36
349,370.00	-	349,370.00
1,231,906.00	-	1,281,906.00
(2,012,301.00)	-	(2,396,148.50)
(431,025.00)	-	(764,872.50)
(347,787.24)	252,205.05	328,775.86
972,505.59	153,801.15	3,533,275.53
\$ 624,718.35	\$ 406,006.20	\$ 3,862,051.39
\$ 624,718.35	\$ 406,006.20	\$ 3,862,051.39
\$ 624,718.35	\$ 406,006.20	\$ 3,862,051.39
\$ 624,718.35	\$ 406,006.20	\$ 3,862,051.39

City of Carroll

Notes to Financial Statements

June 30, 2008

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, and City/County Communications Committee.

B. Basis of Presentation

Government-Wide and Fund Financial Statements - The Statement of Activities and Net Assets 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 normally 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 support.

The statement of activities and changes in cash balance demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are 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 and contributions that are restricted to meeting the operational or capital requirements of a particular function. Tax and other items not properly included among program receipts are reported instead as general receipts.

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 other non-major governmental funds.

C. 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.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are 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: The Road Use Tax Fund is used to account for road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation, special assessment and tax increment financing 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.

Additionally, the City reports the following major proprietary funds:

The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

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. Budgets and Budgetary Accounting

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 blended component units, internal service, non-expendable trust and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities and non-program.

Note 2 - Cash and Pooled Investments

The City's deposits in banks at June 30, 2008, 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 insure there will be no loss of public funds.

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

The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end. The City's investments are all Category 1, which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

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

consistent with the needs and use of the City.

Note 3 - Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds and Sewer		General Obligation Capital Loan Notes		Total	
	Revenue Bonds		Principal	Interest	Principal	Interest
	Principal	Interest				
2009	1,852,000	606,468	470,000	125,399	2,322,000	731,867
2010	1,946,000	550,882	485,000	109,109	2,431,000	659,991
2011	1,689,000	484,053	505,000	92,236	2,194,000	576,289
2012	1,714,000	426,258	525,000	74,436	2,239,000	500,694
2013	1,403,000	365,013	435,000	55,724	1,838,000	420,737
2014	1,383,000	317,618	255,000	40,607	1,638,000	358,225
2015	689,000	281,328	265,000	31,033	954,000	312,361
2016	650,000	260,193	275,000	20,842	925,000	281,035
2017	692,000	240,293	40,000	10,018	732,000	250,311
2018	714,000	218,908	45,000	8,317	759,000	227,225
2019	736,000	196,708	45,000	6,383	781,000	203,091
2020	759,000	173,683	50,000	4,424	809,000	178,107
2021	783,000	149,793	50,000	2,225	833,000	152,018
2022	812,000	124,998	-	-	812,000	124,998
2023	837,000	99,088	-	-	837,000	99,088
2024	867,000	72,378	-	-	867,000	72,378
2025	893,000	44,583	-	-	893,000	44,583
2026	185,000	15,868	-	-	185,000	15,868
2027	195,000	8,190	-	-	195,000	8,190
	<u>\$ 18,799,000</u>	<u>\$ 4,636,303</u>	<u>\$ 3,445,000</u>	<u>\$ 580,753</u>	<u>\$ 22,244,000</u>	<u>\$ 5,217,056</u>

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

The urban renewal tax increment financing bonds were issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The bonds are payable solely from the income and proceeds of the Special Revenue Fund Urban Renewal Tax Increment Account and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment financing bonds shall be expended only for purposes that are consistent with the plans of the City's urban renewal area. The bonds are a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City.

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

- a. The funds to pay principal and interest will be provided from the levied direct annual tax, except for the water treatment plant bonds that are paid with revenue generated

by the water enterprise fund. If tax proceeds are insufficient to pay, the same shall be promptly paid from current funds of the City.

- b. Bonds maturing after June 1, 2002, may be called for redemption by the Issuer and paid before maturity date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in such manner as the City shall determine.

In 1995, the City issued a general obligation bond in the amount of \$600,000 for the purpose of defraying the cost of park improvements, including the Youth Sports Complex. The interest rates range from 5.05 to 6.90% with annual principal payments of \$40,000 plus interest commenced January 1, 1996.

The City issued \$1,815,000, General Obligation Bonds, Series 1998A, on June 1, 1998, to defray the costs of street improvements. Interest rates range from 4.00 to 4.45%. Interest payments are due semiannually beginning June 1, 1999. Principal and interest payments are paid semiannually starting June 1, 2000.

On June 1, 1998, the City issued \$2,730,000 in General Obligation Bonds with an average interest rate of 4.545% to advance refund \$2,655,000 of outstanding 1992A Series bonds with an average interest rate of 5.866%. The net proceeds of \$2,673,706.91 (after payment of \$38,647.84 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1992A Series bonds callable in the year 2002. As a result, the balance of 1992A Series bonds in 2002 are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The City advance refunded the 1992A Series bonds to reduce its total debt service payments over the next 14 years by \$129,880 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$91,753.52.

On November 21, 2002, the City issued \$1,665,000 in General Obligation Bonds with an interest rate range of 2.5 to 3.45% to advance refund \$1,600,000 of outstanding 1994A Series bonds with an average interest rate of 5.66%. The net proceeds of \$1,632,562.35 (after payment of \$33,528.13 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for interest payments on the 2002B Series bonds from June 1, 2003 to June 1, 2004 and the principal amount of the 1994A Series Bonds maturing in 2005 through 2010 which are callable on June 1, 2004. As a result, the balance of 1994A Series bonds in 2005 and beyond are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The City issued \$4,500,000, General Obligation Revenue Bonds, Local Option Sales Tax, Series 2004, on May 27, 2004, to defray the costs of the corridor of commerce and new fire station. Interest rate ranges from 2.00 to 4.00%. Interest payments are due semiannually beginning December 1, 2004. Principal and interest payments are paid semiannually starting December 1, 2005.

On August 22, 2007, the City issued \$600,000 in General Obligation Bonds with an interest rate range of 3.85% to 4.0% to defray the costs of a parks department maintenance building and a sanitary sewer lift station in the Westfield Urban Renewal Area. The City's designated paying agent, Bankers Trust Company, N.A., Des Moines, Iowa, will pay principal of the bonds payable annually each June 1, beginning June 1, 2008, the interest on the bonds, payable initially June 1, 2008, and thereafter on each June 1 and December 1.

On June 18, 2008, the City issued \$3,660,000 in General Obligation Bonds with an interest rate range of 2.35% to 4.2% to defray the cost of the construction of the outdoor aquatic center and construction and installation of roadway and utility improvements including sanitary sewers, water main, and storm sewers within the Oak Park Subdivision Plat No. 2 Urban Renewal Area and the Westfield Urban Renewal Area of the City. The City's designated paying agent, Bankers Trust Company, N.A., Des Moines, Iowa, will pay principal on the bonds payable annually each June 1, beginning June 1, 2009, and the interest on the bonds, payable initially December 1, 2008, and thereafter on each June 1 and December 1.

General Obligation, Revenue and Capital Loan Notes

The City issued General Obligation Capital Loan Note Series 2002A in the amount of \$895,000 for the purchase of a new fire equipment van (\$195,000) and for improvements to the golf course (\$700,000). The interest rate is 4.10% with interest payable semiannually commencing December 1, 2002, and principal payable annually commencing June 1, 2003.

The City issued General Obligation Capital Loan Note Series 2003A in the amount of \$1,500,000 for the Bass Street Drain #77 Storm Sewer Capital Project. The interest rate is 3.240% with interest payable semiannually commencing December 1, 2003, and principal payable annually commencing June 1, 2005.

The City issued \$11,000,000, Revenue Capital Loan Notes, Series 2003, during the year ended June 30, 2007. Capital Loan Notes totaling \$8,000,000 were issued December 23, 2003, and an additional issue on June 9, 2004, of \$3,000,000. These notes will be used to defray the costs of wastewater treatment plant improvements. Total drawn down as of June 30, 2007, was \$10,998,000.00. A final draw down of \$2,000 will be done upon final completion of the wastewater treatment plant. 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.

On August 23, 2005, the City issued \$2,000,000, Capital Loan Notes, Series 2005. This note was used to defray the costs of the Fire station, Aerial Fire Truck and Corridor Phase III improvements. Interest rate ranges from 3.05% to 3.90%. Interest payments are due semiannually beginning December 1, 2005, and on each June 1 and December 1 thereafter. Principal and interest payments are to be paid annually starting June 1,

2007.

On September 11, 2006, the City issued \$515,000 in General Obligation Capital Loan Notes with an interest rate range of 4 to 4.45%. The net proceeds were used to pay the costs of street and sanitary sewer construction and storm sewer improvements for the Ashwood Business Park in the City. The City's designated Paying Agent, Bankers Trust Company, N.A. Des Moines, Iowa, will pay principal of the Notes, payable annually each June 1, beginning June 1, 2009, and interest on the Notes, payable initially on June 1, 2007, and thereafter on each June 1 and December 1.

Note 4 - Lease Commitments

Operating Leases

The City has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations by the City Council. For the year ended June 30, 2008, rent expenditures equaled \$17,070.00 for all types of leases. These expenditures were made from the General Fund.

Note 5 - Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual salary and the City is required to contribute 6.05% of annual covered payroll. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$130,710, \$119,546, and \$115,094 respectively, equal to the required contributions for each year.

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits, which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, can not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2008, 2007, and 2006 were \$167,367, \$164,508, and \$167,248 respectively, which met the required minimum contribution for each year.

Note 6 - Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. Sick leave for employees other than in the Police Department is payable when used for a maximum of 180 days. Unused sick leave is not paid upon termination, retirement or death. However, in accordance with the Union agreement, upon retirement from the Police Department, the City pays a police union employee for one-fourth of all accrued sick leave over 720 hours at their current pay rate. The City's approximate liability for earned vacation, compensatory time and sick leave termination benefits payable to employees at June 30, 2008, primarily relating to the General Fund, is as follows:

<u>Type of Benefits</u>	<u>Liability June 30, 2008</u>
Vacation	\$ 124,348.10
Compensatory Time	42,040.98
Sick Leave	<u>3,485.93</u>
	<u>\$ 169,875.01*</u>

* Computed based on rates of pay as of June 30, 2008.

Note 7 - Hospital Revenue Bonds

On February 24, 1994, the City issued a total of \$2,500,000 of Hospital Revenue Bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenue of St. Anthony Regional Hospital, and the bond principal and interest do not constitute liabilities of the City.

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

Note 8 – Health Care Facility Revenue Refunding Bonds

On October 26, 1998, Health Care Facility Revenue Refunding Bonds in an aggregate principle amount not exceeding \$1,330,000 were authorized for issuance on behalf of New Hope Village for the purpose of refunding the City's Health Care Facility Revenue Bonds Series 1989 under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenue of New Hope Village, and the bond

principal and interest do not constitute liabilities of the City.

Note 9 - 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, 2008, \$123,452 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, 2008, was 47% of the total.

Note 10 – Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008, is as follows:

Transfer to	Transfer from	Amount		
General	Permanent Trust	Perpetual Care	\$ 14,105.87	
		Emergency Spec Rev	88,201.48	
	Special Revenue	Employee Benefits	734,153.00	
		U.R. Wittrock	29,345.28	
		Enterprise	Water	20,600.00
			Sewer	16,000.00
		Permanent Trust	Permanent Rec Center Trust	1,401.04
Rec Center Trust	Special Revenue	U.R. Downtown	308,442.50	
		Local Option Sales Tax	872,497.00	
	Enterprise	Water	313,247.50	
		Sewer	764,395.00	
		UR Ashwood	12,552.49	
		UR Westfield	10,846.74	
Capital Projects	General	Outdoor Aquatic	9,187.54	
	General	Parks & Rec	33,599.00	
	L.O.S.T.	Corridor of Commerce	47,087.61	
Enterprise	Enterprise	Water to Water Depr.	50,000.00	
		Sewer to Sewer Depr.	35,000.00	
		Sewer Utility to Sewer Utility		
		Capital Improvement	96,906.00	
		Sewer Utility Debt Reserve to Sewer Utility Capital Improvement	1,100,000.00	

Note 11 – Risk Management

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 191 member cities and counties. 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, 2008, is zero as the debt has been paid in its entirety. The City's annual contributions to IMWCA for the year ended June 30, 2008, were \$76,794.00.

Iowa Communities Assurance Pool

The City of Carroll is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986, for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual 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 due and payable in the current 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 to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2008, were \$68,470.03.

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$11,000,000, such excess coverage is also reinsured. Automobile physical damage risks are retained by the Pool up to \$100,000 each accident, each location, with excess coverage reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance company 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 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. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

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

Required Supplementary Information

City of Carroll
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances -
Actual and Budget (Cash Basis) - All Governmental Funds and Proprietary Funds
Year ended June 30, 2008

	Governmental Fund Type Actual	Proprietary Fund Actual	Less Funds not Required to be Budgeted and Adjustments
Receipts:			
Property tax	\$ 4,822,212.50	\$ -	\$ -
Other taxes	1,179,411.55	-	-
Non-property tax	58,918.36	-	-
Use of money and property	270,447.23	206,880.21	-
Licenses and permits	89,455.95	-	-
Intergovernmental	1,438,565.99	-	-
Charges for service	1,471,970.72	3,181,050.59	-
Special assessments	5,132.00	-	-
Fines & fees	46,081.65	-	-
Miscellaneous	759,857.53	60,885.88	-
Total receipts	10,142,053.48	3,448,816.68	-
Disbursements:			
Public Safety	1,655,781.72	-	-
Public Works	1,788,510.61	-	-
Health and Social Services	90,525.00	-	-
Culture and Recreation	2,311,280.21	-	-
Community & Economic Development	67,649.18	-	-
General Government	852,122.85	-	-
Debt Service	2,979,153.95	-	1,077,642.50
Capital Projects	1,904,653.13	-	-
Total Government Activities	11,649,676.65	-	1,077,642.50
Business Type Activities	-	2,355,168.32	(528,165.54)
Total disbursements	11,649,676.65	2,355,168.32	1,627,119.46
Excess (deficiency) of receipts over disbursements	(1,507,623.17)	1,093,648.36	(1,627,119.46)
Other financing sources (uses), net	4,972,683.50	(764,872.50)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,465,060.33	328,775.86	(1,627,119.46)
Balance beginning of year	5,460,653.95	3,533,275.53	-
Balance end of year	\$ 8,925,714.28	\$ 3,862,051.39	\$ (1,627,119.46)

Net	Budgeted Amounts		Final to Actual	Net as % of Budget
	Original	Final	Variance Favorable (Unfavorable)	
\$ 4,822,212.50	\$ 4,661,832.00	\$ 4,660,803.00	\$ 161,409.50	103%
1,179,411.55	1,304,555.00	1,354,744.00	(175,332.45)	87%
58,918.36	-	-	58,918.36	-
477,327.44	339,494.00	345,164.00	132,163.44	138%
89,455.95	85,000.00	85,000.00	4,455.95	105%
1,438,565.99	1,076,963.00	1,452,157.00	(13,591.01)	99%
4,653,021.31	4,573,155.00	4,583,155.00	69,866.31	102%
5,132.00	5,100.00	5,100.00	32.00	101%
46,081.65	-	-	46,081.65	
820,743.41	208,400.00	219,400.00	601,343.41	374%
<u>13,590,870.16</u>	<u>12,254,499.00</u>	<u>12,705,523.00</u>	<u>885,347.16</u>	107%
1,655,781.72	1,746,525.00	1,753,273.00	97,491.28	94%
1,788,510.61	1,767,355.00	1,947,620.00	159,109.39	92%
90,525.00	89,000.00	92,000.00	1,475.00	98%
2,311,280.21	2,133,117.00	2,445,133.00	133,852.79	95%
67,649.18	69,791.00	109,813.00	42,163.82	62%
852,122.85	837,705.00	984,321.00	132,198.15	87%
1,901,511.45	2,222,045.00	2,221,063.00	319,551.55	86%
1,904,653.13	3,506,000.00	3,462,408.00	1,557,754.87	55%
<u>10,572,034.15</u>	<u>12,371,538.00</u>	<u>13,015,631.00</u>	<u>2,443,596.85</u>	81%
<u>2,883,333.86</u>	<u>3,213,226.00</u>	<u>3,849,596.00</u>	<u>966,262.14</u>	75%
<u>13,455,368.01</u>	<u>15,584,764.00</u>	<u>16,865,227.00</u>	<u>3,409,858.99</u>	80%
135,502.15	(3,330,265.00)	(4,159,704.00)	4,295,206.15	
4,207,811.00	3,455,180.00	4,085,180.00	(122,631.00)	
4,343,313.15	124,915.00	(74,524.00)	4,417,837.15	
8,993,929.48	7,222,853.00	7,222,853.00		
<u>\$ 13,337,242.63</u>	<u>\$ 7,347,768.00</u>	<u>\$ 7,148,329.00</u>		

See accompanying independent auditor's report.

City of Carroll

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

The budgetary comparison is presented as Required Supplementary Information 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 Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary 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 \$1,280,463 and budgeted revenues and other financing by \$451,024. These budget amendments are reflected in the final budgeted amounts.

Other Supplementary Information

City of Carroll
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special							
	Employee Benefits	Urban Renewal	LOST	Urban Renewal Wittrock	Ashwood UR	Westfield UR	Ace Builders UR	Police Pension
Receipts:								
Property tax	\$ 712,613.24	\$ 464,468.90	\$ -	\$ 29,345.28				\$ -
Other taxes	-	-	1,139,747.52	-				-
Use of money and property:								
Interest on deposits	-	42,516.81	32,947.20	-				3,215.31
Intergovernmental:								
State funding	-	-	-	-				-
Charges for Services	-	-	-	-				-
Miscellaneous	-	-	-	-				-
Total receipts	712,613.24	506,985.71	1,172,694.72	29,345.28	-	-	-	3,215.31
Disbursements:								
Public Safety	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Community & Economic								
Development:	-	-	-	-	-	-	179.00	-
Total disbursements	-	-	-	-	-	-	179.00	-
Excess (deficiency) of receipts over (under) disbursements	712,613.24	506,985.71	1,172,694.72	29,345.28	-	-	(179.00)	3,215.31
Other financing sources (uses):								
Operating transfers in				-				
Operating transfers(out)	(734,153.00)	(308,442.50)	(919,584.61)	(29,345.28)	(12,552.49)	(10,846.74)	-	-
	(734,153.00)	(308,442.50)	(919,584.61)	(29,345.28)	(12,552.49)	(10,846.74)	-	-
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	(21,539.76)	198,543.21	253,110.11	-	(12,552.49)	(10,846.74)	(179.00)	3,215.31
Cash balance beginning of year	115,929.46	784,314.46	233,284.73	-	-	-	-	71,312.66
Cash balance end of year	\$ 94,389.70	\$ 982,857.67	\$ 486,394.84	\$ -	\$ (12,552.49)	\$ (10,846.74)	\$ (179.00)	\$ 74,527.97

Schedule 1

Revenue			Permanent					
IHA Senior Housing TIF	Emergency Special Revenue	Recreation Center Trust	Police Forfeiture	Crime Prevention	Library Trust	Cemetery Perpetual Care	Rec Center Trust	Total
\$ 5,310.14	\$ 88,201.48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,299,939.04
-	-	-	-	-	-	-	-	1,139,747.52
8.37	-	2,131.79	597.95	2,036.05	3,022.22	14,105.87	1,401.04	101,982.61
-	-	-	-	2,450.00	8,381.26	-	-	10,831.26
-	-	16,172.41	-	9,540.00	-	13,950.00	-	39,662.41
-	-	4,346.00	2,035.56	1,600.00	6,214.71	-	-	14,196.27
5,318.51	88,201.48	22,650.20	2,633.51	15,626.05	17,618.19	28,055.87	1,401.04	2,606,359.11
-	-	-	6,626.48	10,132.73	-	-	-	16,759.21
-	-	13,008.66	-	-	8,381.00	-	-	21,389.66
5,312.93	-	-	-	-	-	-	-	5,491.93
5,312.93	-	13,008.66	6,626.48	10,132.73	8,381.00	-	-	43,640.80
5.58	88,201.48	9,641.54	(3,992.97)	5,493.32	9,237.19	28,055.87	1,401.04	2,562,718.31
		1,401.04						1,401.04
-	(88,201.48)		-		-	(14,105.87)	(1,401.04)	(2,118,633.01)
-	(88,201.48)	1,401.04	-		-	(14,105.87)	(1,401.04)	(2,117,231.97)
5.58	-	11,042.58	(3,992.97)	5,493.32	9,237.19	13,950.00	-	445,486.34
1.01	-	44,376.42	14,616.33	42,962.23	60,737.49	307,832.48	30,914.25	1,706,281.52
\$ 6.59	\$ -	\$ 55,419.00	\$ 10,623.36	\$ 48,455.55	\$ 69,974.68	\$ 321,782.48	\$ 30,914.25	\$ 2,151,767.86

See accompanying independent auditor's report.

**City of Carroll
Schedule of Indebtedness
Year ended June 30, 2008**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds:			
Park Improvement	1/1/1995	5.05-6.90%	\$ 600,000.00
G. O. Refunding Bonds 2002B	11/21/2002	3.00-3.45%	1,665,000.00
Street Improvements 1998A	6/1/1998	4.00-4.45%	1,815,000.00
G. O. Refunding Bonds 1998B	6/1/1998	4.15-4.65%	2,730,000.00
LOST GO Bonds	5/24/2004	2.00-4.00%	4,500,000.00
G.O Bonds 2007A Parks Building & Lift Station***	8/22/2007	3.85-4.00%	600,000.00
G.O. Bonds 2008A Aquatic/UR Area Public Improvements****	6/18/2008	2.35-4.20%	3,660,000.00
Revenue Bonds			
Sewer Revenue Bonds	6/9/2004	3%	11,000,000.00
General Obligation/Capital Loan Notes:			
Capital Loan Note Series 2002A Fire Department & Golf Course	3/26/2002 *	4.10%	895,000.00
Capital Loan Note Series 2003A Bass Street Storm Sewer	5/26/2003	3.24%	1,500,000.00
Capital Loan Note Series 2005 \$2M GO Cap Loan	8/23/2005	3.05-3.90%	2,000,000.00
Capital Loan Note Series 2006 GO Cap Loan	9/11/2006	4-4.45%	<u>515,000.00</u>
Grand Total			<u><u>\$ 31,480,000.00</u></u>

* \$700,000 Golf Course Improvements, \$195,000 Fire Equipment Van

**Final draw down of \$2,000 will be done upon completion of waste water treatment plant construction

*** \$250,000 Parks Maintenance Building, \$350,000 Kittyhawk Avenue Lift Station

**** \$2,960,000 Aquatic Center, \$250,000 Oak Park Subdivision Plat No. 2UR,
\$450,000 Westfield UR Public Improvement

Schedule 2

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 120,000.00	\$ -	\$ 40,000.00	\$ 80,000.00	\$ 8,160.00	\$ -
865,000.00		285,000.00	580,000.00	27,847.50	-
240,000.00	-	240,000.00	-	10,680.00	-
1,390,000.00	-	245,000.00	1,145,000.00	63,042.50	-
3,595,000.00	-	470,000.00	3,125,000.00	114,075.00	-
-	600,000.00	125,000.00	475,000.00	18,167.95	-
-	3,660,000.00	-	3,660,000.00	-	-
10,168,000.00		** 434,000.00	9,734,000.00	304,980.00	
485,000.00	-	90,000.00	395,000.00	19,885.00	-
1,040,000.00	-	160,000.00	880,000.00	33,696.00	-
1,830,000.00		175,000.00	1,655,000.00	64,667.50	-
515,000.00	-	-	515,000.00	21,537.50	-
<u>\$ 20,248,000.00</u>	<u>\$ 4,260,000.00</u>	<u>\$ 2,264,000.00</u>	<u>\$ 22,244,000.00</u>	<u>\$ 686,738.95</u>	<u>\$ -</u>

**City of Carroll
Bond and Note Maturities
June 30, 2008**

General Obligation Bonds

Series 2002B, Water Treatment Refunding Issued November 21, 2002			Series 2004 Local Option Sales Tax Bond Issued May 27, 2004		Park Improvements Bond Issued January 1, 1995	
Year Ending June 30,	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2009	3.20%	285,000	2.80%	485,000	6.80%	40,000
2010	3.45%	295,000	3.10%	495,000	6.90%	40,000
2011		-	3.30%	510,000		-
2012		-	3.60%	525,000		-
2013		-	3.80%	545,000		-
2014		-	4.00%	565,000		-
2015		-		-		-
2016		-		-		-
2017		-		-		-
2018		-		-		-
2019		-		-		-
2020		-		-		-
2021		-		-		-
2022		-		-		-
2023		-		-		-
2024		-		-		-
2025		-		-		-
2026		-		-		-
2027		-		-		-
		<u>\$ 580,000</u>		<u>\$ 3,125,000</u>		<u>\$ 80,000</u>

General Obligation Notes

Capital Loan Note 2005 \$2M GO 2005 August 23, 2005			Capital Loan 2002A Fire Department & Golf Course March 26, 2003		Series 2003A Bass Street #77 Storm Sewer Bond June 9, 2003	
Year Ended June 30,	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2009	2.70%	180,000	4.10%	95,000	3.24%	165,000
2010	2.70%	190,000	4.10%	95,000	3.24%	170,000
2011	2.70%	195,000	4.10%	100,000	3.24%	175,000
2012	2.70%	205,000	4.10%	105,000	3.24%	180,000
2013	2.70%	210,000			3.24%	190,000
2014	2.70%	215,000				
2015	2.70%	225,000				
2016	2.70%	235,000				
2017						
2018						
2019						
2020						
2021						
2022						
		<u>\$ 1,655,000</u>		<u>\$ 395,000</u>		<u>\$ 880,000</u>

Revenue Bonds				2007A GO Bond		2008A GO Bonds		Total General Obligation & Sewer Revenue Bonds
Series 1998B Urban Renewal Advanced Refunding Issued June 1, 1998		Series 2003 WWTP Improvements Revenue Bond Issued June 9, 2004		Parks Maintenance Garage Kittyhawk Lift Station July 31, 2007		Outdoor Aquatic Center Oak Park Subd Plat #2 Westfield Second Public Imp. May 28, 2008		
Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	
4.50%	260,000	3.00%	447,000	4.50%	140,000	2.35%	195,000	\$ 1,852,000
4.50%	275,000	3.00%	461,000	4.50%	150,000	2.50%	230,000	\$ 1,946,000
4.55%	300,000	3.00%	474,000	4.50%	90,000	2.70%	315,000	\$ 1,689,000
4.65%	310,000	3.00%	489,000	4.50%	95,000	2.90%	295,000	\$ 1,714,000
-	-	3.00%	503,000			3.00%	355,000	\$ 1,403,000
-	-	3.00%	518,000			3.15%	300,000	\$ 1,383,000
-	-	3.00%	534,000			3.30%	155,000	\$ 689,000
-	-	3.00%	550,000			3.40%	100,000	\$ 650,000
-	-	3.00%	567,000			3.50%	125,000	\$ 692,000
-	-	3.00%	584,000			3.60%	130,000	\$ 714,000
-	-	3.00%	601,000			3.70%	135,000	\$ 736,000
-	-	3.00%	619,000			3.80%	140,000	\$ 759,000
-	-	3.00%	638,000			3.90%	145,000	\$ 783,000
-	-	3.00%	657,000			4.00%	155,000	\$ 812,000
-	-	3.00%	677,000			4.00%	160,000	\$ 837,000
-	-	3.00%	697,000			4.05%	170,000	\$ 867,000
-	-	3.00%	718,000			4.10%	175,000	\$ 893,000
-	-	3.00%	-			4.15%	185,000	\$ 185,000
-	-	3.00%	-			4.20%	195,000	\$ 195,000
	<u>\$ 1,145,000</u>		<u>\$ 9,734,000</u>		<u>\$ 475,000</u>		<u>\$ 3,660,000</u>	<u>\$ 18,799,000</u>

Series 2006A Ashwood Business Park Infrastructure Notes September 11, 2006		Total General Obligation Notes
Interest Rate	Amount	
4.00%	30,000	470,000
4.00%	30,000	485,000
4.00%	35,000	505,000
4.00%	35,000	525,000
4.00%	35,000	435,000
4.05%	40,000	255,000
4.10%	40,000	265,000
4.15%	40,000	275,000
4.25%	40,000	40,000
4.30%	45,000	45,000
4.35%	45,000	45,000
4.40%	50,000	50,000
4.45%	50,000	50,000
	<u>\$ 515,000</u>	<u>\$ 3,445,000</u>

City of Carroll
Schedule of Cash Receipts, Disbursements
and Change in Cash Balances
Capital Projects Funds
Year Ended June 30, 2008

	<u>Street Rehabilitation</u>	<u>Urban Renewal</u>	<u>Fire Hall /PD Remodel</u>	<u>Corridor of Commerce</u>
Receipts:				
Use of money and property:				
Interest on investments	\$ 17,643.05	\$ 3,347.49	\$ 125.21	\$ -
Intergovernmental:				
FAA Grant	-	-	-	-
IDOT Grants	-	-	-	-
Grants	-	-	-	-
TEA-21 Grant/SA RISE	165,426.00	-	-	-
	<u>165,426.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous:				
Cost Share from other entities:				
Stadium Parking Lot	-	-	-	-
30th Street Trail	-	-	-	-
Developer Contribution	653,719.83	-	-	-
Donations	-	-	-	-
Refunds, settlements & donations	-	-	-	-
Miscellaneous revenues	-	-	-	-
Sale of land, material & service	-	-	-	-
	<u>653,719.83</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>836,788.88</u>	<u>3,347.49</u>	<u>125.21</u>	<u>-</u>
Disbursements:				
Capital outlay	1,058,203.00	-	2,500.00	-
	<u>1,058,203.00</u>	<u>-</u>	<u>2,500.00</u>	<u>-</u>
Total disbursements	<u>1,058,203.00</u>	<u>-</u>	<u>2,500.00</u>	<u>-</u>
Deficiency of receipts under disbursements	<u>(221,414.12)</u>	<u>3,347.49</u>	<u>(2,374.79)</u>	<u>-</u>
Other financing sources (uses):				
General Obligation debt proceeds	674,792.58	-	-	-
Transfers In (Out):				
To General Fund & others	-	-	-	-
From General Fund & others	-	-	-	47,087.61
	<u>674,792.58</u>	<u>-</u>	<u>-</u>	<u>47,087.61</u>
Excess (deficiency) of receipts and other financing sources (uses) over disbursements	453,378.46	3,347.49	(2,374.79)	47,087.61
Balance beginning of year	<u>393,009.06</u>	<u>74,243.69</u>	<u>6,676.32</u>	<u>(47,087.61)</u>
Balance end of year	<u>\$ 846,387.52</u>	<u>\$ 77,591.18</u>	<u>\$ 4,301.53</u>	<u>\$ -</u>

Schedule 4

Airport	Parks & Recreation	Outdoor Aquatic Center	Veterans Memorial Park	Total
\$ 247.78	\$ 12,026.14	\$ 615.24	\$ 1,569.47	\$ 35,574.38
74,774.00	-	-	-	74,774.00
27,688.00	-	-	-	27,688.00
-	30,000.00	-	-	30,000.00
-	-	-	-	165,426.00
102,462.00	30,000.00	-	-	297,888.00
-	-	-	-	-
-	-	-	-	-
-	-	-	-	653,719.83
-	-	-	-	-
131.59	338.00	-	-	469.59
-	-	-	-	-
-	-	-	-	-
131.59	338.00	-	-	654,189.42
102,841.37	42,364.14	615.24	1,569.47	987,651.80
200,839.07	319,131.91	315,744.15	8,235.00	1,904,653.13
200,839.07	319,131.91	315,744.15	8,235.00	1,904,653.13
200,839.07	319,131.91	315,744.15	8,235.00	1,904,653.13
(97,997.70)	(276,767.77)	(315,128.91)	(6,665.53)	(917,001.33)
-	249,550.00	2,934,098.42	-	3,858,441.00
-	-	-	-	-
-	33,599.00	9,187.54	-	89,874.15
-	283,149.00	2,943,285.96	-	3,948,315.15
(97,997.70)	6,381.23	2,628,157.05	(6,665.53)	3,031,313.82
27,202.63	295,639.78	(9,187.54)	38,443.07	778,939.40
\$ (70,795.07)	\$ 302,021.01	\$ 2,618,969.51	\$ 31,777.54	\$ 3,810,253.22

See accompanying independent auditor's report.

Schedule 5

City of Carroll
Schedule of Receipts by Source and
Disbursements by Function
All Governmental Fund Types
Year Ended June 30, 2008

	For the Last Three Years		
	2008	2007	2006
Receipts:			
Property tax	\$ 4,822,212.50	\$ 4,706,146.74	\$ 4,437,687.44
Other Taxes	1,179,411.55	1,141,088.69	1,104,416.08
Non-property tax	58,918.36	53,336.74	-
Use of money and property	270,447.23	346,350.54	364,418.96
Licenses and permits	89,455.95	122,183.45	70,828.95
Intergovernmental	1,438,565.99	2,673,863.30	1,805,521.23
Charges for Services	1,471,970.72	1,426,763.38	1,348,871.52
Special assessments	5,132.00	5,132.00	5,132.00
Fines and fees	46,081.65	47,135.21	-
Miscellaneous	759,857.53	293,099.09	208,646.97
Total receipts	<u>10,142,053.48</u>	<u>10,815,099.14</u>	<u>9,345,523.15</u>
Disbursements:			
Public Safety Program	1,655,781.72	2,042,394.59	1,574,694.78
Public Works Program	1,788,510.61	1,603,378.16	1,660,491.10
Health and Social Services Program	90,525.00	83,325.00	85,225.00
Culture and Recreation Program	2,311,280.21	1,940,661.86	1,994,272.72
Community & Economic Development Program	67,649.18	196,643.48	286,154.58
General Government	852,122.85	741,235.33	711,013.22
Debt Service	2,979,153.95	2,836,738.32	2,694,979.36
Capital Projects	1,904,653.13	4,511,538.68	4,812,280.72
Total disbursements	<u>11,649,676.65</u>	<u>13,955,915.42</u>	<u>13,819,111.48</u>
Excess (deficiency) of receipts over (under) disbursements	(1,507,623.17)	(3,140,816.28)	(4,473,588.33)
Other financing sources, net	4,972,683.50	1,599,669.67	3,445,529.72
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	3,465,060.33	(1,541,146.61)	(1,028,058.61)
Balance beginning of year	<u>5,460,653.95</u>	<u>7,001,800.56</u>	<u>8,029,859.17</u>
Balance end of year	<u>\$ 8,925,714.28</u>	<u>\$ 5,460,653.95</u>	<u>\$ 7,001,800.56</u>

City of Carroll

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 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, 2008, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated August 28, 2008. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Carroll's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Carroll's financial statements that is more than inconsequential will not be prevented or detected by the City of Carroll's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by City of Carroll's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

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.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008, 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. Prior year statutory comments have been resolved except for items IV-J-08 and IV-K-08.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Carroll and other parties to whom the City of Carroll may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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.
August 28, 2008

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2008

I. Summary of Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements, which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Reportable conditions in internal control over financial reporting were not disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance, which is material to the financial statements.

II. Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

Significant Deficiencies:

No matters were noted.

III. Findings Related to Federal Awards:

Not applicable.

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2008

IV. Other Findings Related to Statutory Reporting:

- IV-A-08 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, 2008.
- IV-B-08 Certified Budget - Disbursements during the year ended June 30, 2008, 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.
- IV-C-08 Questionable Disbursements - No disbursements were noted that might not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-D-08 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-E-08 Business Transactions – There were no business transactions between the City and City officials or employees during the year ended June 30, 2008.
- IV-F-08 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.
- IV-G-08 Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-H-08 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.
- IV-I-08 Revenue Bonds and Notes – We noted no instances of non-compliance with the terms of the City's revenue bond/note provisions.

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2008

IV-J-08 Excess Balance – The balance in the Urban Renewal Downtown Special Revenue Fund at June 30, 2008, was in excess of the Urban Renewal Downtown Special Revenue Fund disbursements for the year. The Police Pension and Police Forfeiture and the Crime Prevention Special fund also had excess fund balances.

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 Urban Renewal Special Revenue – Downtown fund has a balance in excess of annual disbursements as the City is anticipating early retirement of bonds. The Police Pension Fund has an excess balance to cover retirement needs. The Police Forfeiture and the Crime Prevention Special fund have planned future programs that will reduce fund balances.

Conclusion – Response accepted.

IV-K-08 Financial Condition – We observed funds with deficit ending balances at the June 30, 2008, fiscal year end: Ashwood and Westfield Urban Renewal Funds, Ace Builders SR Fund, Airport Capital Project Fund, Sewer Utility Capital Improvement Fund, and Storm Water Utility Improvement Fund.

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

Response – The deficits in the Ashwood and Westfield Urban Renewal Funds and Ace Builders SR Fund, arose due to tax increment financing collections to be received the next fiscal year. The deficits in the Capital Project Fund - Airport, Sewer Utility Capital Improvement Fund, and Storm Water Utility Improvement Fund arose due to construction costs incurred. The Capital Project Fund - Airport will return to a sound financial position with anticipated grant that was not received at the end of the fiscal year. The Sewer Utility Capital Improvement Fund will turn to a sound financial position with anticipated future revenue from a developer reimbursement and Storm Water Capital Improvement Fund will return to sound financial position upon transfer from the Storm Water Utility Fund.

Conclusion – Response accepted.

City of Carroll

Staff

This audit was performed by:

Jennifer Walkup, CPA, Manager
Eugene Handlos, Staff Accountant, Assistant Auditor
Mindy Woolsey, Staff Accountant, Assistant Auditor

Feldmann, & Company CPAs, P.C.

Feldmann & Company CPAs, P.C.