

CITY OF CARSON
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2023

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City of Carson

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tim Todd	Mayor	January 2024
Troy Graves	Council Member	January 2024
Marlene Richardson	Council Member	January 2024
Adam Houser	Council Member	January 2026
Kelly Pilling	Council Member	January 2026
Kari Rose	Council Member	January 2026
Brianne Duede	City Clerk/Administrator	Indefinite
Kristina Hansen	Treasurer	Indefinite
Steve Krohn	Attorney	Indefinite

October 12, 2023

Independent Auditors' 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, and each major fund of the City of Carson, 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, and each major fund of the City of Carson as of June 30, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Basis of Accounting

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

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 Carson'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 Carson'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 Carson's ability to continue as a going concern for a reasonable period of time.

City of Carson
Independent Auditors' Report

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 Carson's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine 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 Schedule 1, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information in Schedule 1 is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

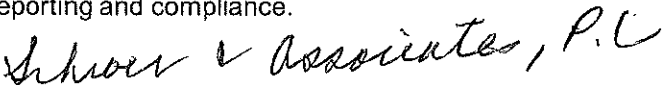
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of City's Contributions on pages 25 through 29 but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of the City of Carson's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 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 City of Carson's internal control over financial reporting and compliance.


Schroer & Associates, PC
Council Bluffs, IA

City of Carson
Basic Financial Statements

City of Carson
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2023

Functions/Programs:	Program Receipts				Net (Disbursement) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities:							
Public safety	\$ 113,570	30,754	28,106	-	(54,710)	-	(54,710)
Public works	201,251	1,170	107,542	-	(92,539)	-	(92,539)
Culture and recreation	155,751	19,082	13,441	-	(123,228)	-	(123,228)
Community and economic development	42,925	-	10,000	-	(32,925)	-	(32,925)
General government	151,198	640	70,973	-	(79,585)	-	(79,585)
Debt service	123,013	-	-	-	(123,013)	-	(123,013)
Capital projects	615,887	-	-	183,712	(432,175)	-	(432,175)
Total governmental activities	1,403,595	51,646	230,062	183,712	(938,175)	-	(938,175)
Business type activities:							
Water	159,137	134,822	-	-	-	(24,315)	(24,315)
Sewer	223,708	184,901	-	-	-	(38,807)	(38,807)
Garbage	75,300	79,165	-	-	-	3,865	3,865
Total business type activities	458,145	398,888	-	-	-	(59,257)	(59,257)
Total	\$ 1,861,740	450,534	230,062	183,712	(938,175)	(59,257)	(997,432)
General Receipts:							
Property and other city tax levied for:							
General purposes					239,878	-	239,878
Debt service					111,743	-	111,743
Tax increment financing					28,511	-	28,511
Local option sales tax					144,036	-	144,036
Commercial/industrial tax replacement					2,280	-	2,280
Grants and contributions not restricted to specific purpose					403	-	403
Unrestricted interest on investments					1,446	-	1,446
Miscellaneous					-	31,840	31,840
Bond proceeds, net of \$4,442 premium and \$13,870 issuance costs					595,572	-	595,572
Sale of general fixed assets					21,072	-	21,072
Total general receipts					1,144,941	31,840	1,176,781
Change in cash basis net position					206,766	(27,417)	179,349
Cash basis net position beginning of year					1,824,678	48,272	1,872,950
Cash basis net position end of year					\$ 2,031,444	20,855	2,052,299
Cash Basis Net Position							
Restricted:							
Expendable:							
Streets					\$ 139,362	-	139,362
Urban renewable purposes					664,767	-	664,767
Debt service					32,385	-	32,385
Unrestricted					1,194,930	20,855	1,215,785
Total cash basis net position					\$ 2,031,444	20,855	2,052,299

See notes to financial statements.

City of Carson
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds
As of and for the year ended June 30, 2023

	General	Special Revenue			FEMA	Debt Service	Capital Projects	Total
		Road Use Tax	Local Option Sales Tax	Urban Renewal Tax Increment				
Receipts:								
Property tax	\$ 214,210	-	-	-	-	100,165	-	314,375
Tax increment financing	-	-	-	28,511	-	-	-	28,511
Other city tax	25,668	-	144,036	-	-	11,578	-	181,282
Licenses and permits	2,389	-	-	-	-	-	-	2,389
Use of money and property	8,116	-	-	-	-	-	-	8,116
Intergovernmental	94,002	105,410	-	-	-	-	166,750	366,162
Charges for service	42,397	-	-	-	-	-	-	42,397
Miscellaneous	21,548	1,975	-	10,000	-	-	16,962	50,485
Total receipts	408,330	107,385	144,036	38,511	-	111,743	183,712	993,717
Disbursements:								
Operating:								
Public safety	113,570	-	-	-	-	-	-	113,570
Public works	53,364	147,887	-	-	-	-	-	201,251
Culture and recreation	155,751	-	-	-	-	-	-	155,751
Community and economic development	-	-	-	42,925	-	-	-	42,925
General government	151,198	-	-	-	-	-	-	151,198
Debt service	-	-	-	-	-	123,013	-	123,013
Capital projects	-	-	-	-	-	-	615,887	615,887
Total disbursements	473,883	147,887	-	42,925	-	123,013	615,887	1,403,595
Excess (deficiency) of receipts over (under) disbursements	(65,553)	(40,502)	144,036	(4,414)	-	(11,270)	(432,175)	(409,878)
Other financing sources (uses):								
General obligation bond proceeds, net of \$4,442 premium and \$13,870 issuance costs	162,000	-	-	-	-	-	433,572	595,572
Sale of general fixed assets	1,072	-	-	20,000	-	-	-	21,072
Transfers in	198,223	-	-	-	-	12,393	-	210,616
Transfers out	-	-	(144,036)	(12,393)	(54,187)	-	-	(210,616)
	361,295	-	(144,036)	7,607	(54,187)	12,393	433,572	616,644
Change in cash balances	295,742	(40,502)	-	3,193	(54,187)	1,123	1,397	206,766
Cash balances beginning of year	905,970	179,864	-	661,574	54,187	31,262	(8,179)	1,824,678
Cash balances end of year	\$ 1,201,712	139,362	-	664,767	-	32,385	(6,782)	2,031,444
Cash Basis Fund Balances								
Restricted for:								
Streets	\$ -	139,362	-	-	-	-	-	139,362
Urban renewal purposes	-	-	-	664,767	-	-	-	664,767
Debt service	-	-	-	-	-	32,385	-	32,385
Assigned for:								
Park project	11,924	-	-	-	-	-	-	11,924
Community betterment	7,646	-	-	-	-	-	-	7,646
Unassigned	1,182,142	-	-	-	-	-	(6,782)	1,175,360
Total cash basis fund balances	\$ 1,201,712	139,362	-	664,767	-	32,385	(6,782)	2,031,444

See notes to financial statements.

City of Carson
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds
As of and for the year ended June 30, 2023

	Enterprise Funds			
	Water	Sewer	Garbage	Total
Operating receipts:				
Charges for service	\$ 134,822	184,901	79,165	398,888
Operating disbursements:				
Business type activities	<u>159,137</u>	<u>155,550</u>	<u>75,300</u>	<u>389,987</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	(24,315)	29,351	3,865	8,901
Non-operating receipts (disbursements):				
Miscellaneous	27,931	3,826	83	31,840
Debt service	<u>-</u>	<u>(68,158)</u>	<u>-</u>	<u>(68,158)</u>
Total non-operating receipts (disbursements)	<u>27,931</u>	<u>(64,332)</u>	<u>83</u>	<u>(36,318)</u>
Change in cash balances	3,616	(34,981)	3,948	(27,417)
Cash balances beginning of year	<u>35,824</u>	<u>(31,303)</u>	<u>43,751</u>	<u>48,272</u>
Cash balances end of year	<u>\$ 39,440</u>	<u>(66,284)</u>	<u>47,699</u>	<u>20,855</u>
Cash Basis Fund Balances				
Unrestricted	<u>\$ 39,440</u>	<u>(66,284)</u>	<u>47,699</u>	<u>20,855</u>

See notes to financial statements.

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (1) Summary of Significant Accounting Policies

The City of Carson is a political subdivision of the State of Iowa located in Pottawattamie County. It was first incorporated in 1881 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Carson 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 which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

B. Basis of Presentation

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

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

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

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 that do not meet the definition of the preceding category. Unrestricted net position often have constraints on resources 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 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 from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the receipts from tax authorized by referendum and used for community betterment projects.

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

Special Revenue - Continued:

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The FEMA Fund is used to account for FEMA and other collections used for flood relief projects.

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 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 sanitary sewer system.

The Enterprise, Garbage Fund accounts for the operation of the City's solid waste disposal.

C. Measurement Focus and Basis of Accounting

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

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

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

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (1) Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting - Continued

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 1½% 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:

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, disbursements did not exceed budgeted amounts

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 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 cash, which consists of cash in bank and certificates of deposit, totaled \$2,044,583.

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (2) Cash and Pooled Investments - Continued

At June 30, 2023, the City had the following investments:

Investment	Carrying Amount	Fair Value
Funds held by Community Foundation for Western Iowa invested in mutual funds	\$ 7,646	\$ 7,646

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The recurring fair value of the funds held at Community Foundation for Western Iowa was determined using quoted market prices. (Level 1 inputs)

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) to 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, Notes and Leases Payable

A summary of changes in notes payable for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
General obligation debt	\$ 393,000	605,000	109,000	284,000	109,000
Lease agreements	7,359	-	4,004	3,355	3,355
Governmental activities total	\$ 400,359	605,000	113,004	287,355	112,355
Business type activities:					
Revenue debt	\$ 224,000	-	64,000	160,000	67,000

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (3) Bonds, Notes and Leases Payable – Continued

General Obligation Notes

A summary of the City's June 30, 2023 general obligation notes payable is as follows:

Year Ending June 30,	Capital Loan			Street Improvement		
	Issued Sept 1, 2015			Issued Apr 30, 2018		
	Interest		Principal	Interest		Principal
Rates		Rates				
2024	2.50%	\$ 25,000	1,250	3.75%	\$ 39,000	8,776
2025	2.50%	25,000	625	3.75%	39,000	7,313
2026	-	-	-	3.75%	39,000	5,850
2027	-	-	-	3.75%	39,000	4,388
2028	-	-	-	3.75%	39,000	2,925
2029-2033	-	-	-	3.75%	39,000	1,463
		\$ 50,000	1,875		\$ 234,000	30,715

Year Ending June 30,	Capital Loan			Total		
	Issued Jan 31, 2023					
	Interest		Principal	Principal	Interest	Total
Rates						
2024	3.30%	\$ 45,000	30,884	\$ 109,000	40,910	149,910
2025	3.30%	55,000	21,630	119,000	29,568	148,568
2026	3.30%	55,000	19,815	94,000	25,665	119,665
2027	4.00%	55,000	18,000	94,000	22,388	116,388
2028	4.00%	60,000	15,800	99,000	18,725	117,725
2029-2033	4.00%	335,000	41,600	374,000	43,063	417,063
		\$ 605,000	147,729	\$ 889,000	180,319	1,069,319

On April 25, 2013, the City issued \$570,000 of general obligation notes with interest rates ranging from 1.60% to 2.00% per annum. The bonds were for essential corporate purpose. During the year ended June 30, 2023, the City paid \$45,000 of principal and \$900 of interest on the notes, which paid off the notes.

On September 1, 2015, the City issued \$200,000 of general obligation notes with an interest rate at 2.50% per annum. The bonds were issued for essential corporate purpose. During the year ended June 30, 2023, the City paid \$25,000 of principal and \$1,875 of interest on the notes

On April 30, 2018, the City issued \$390,000 of general obligation notes with an interest rate of 3.75% per annum. The bonds were issued for street improvements. During the year ended June 30, 2023, the City paid \$39,000 of principal and \$10,238 of interest on the notes.

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (3) Bonds, Notes and Leases Payable – Continued

General Obligation Notes - Continued

On January 31, 2023, the City issued \$605,000 of general obligation notes with an interest rate of 3.30% to 4.00% per annum. The bonds were issued for the acquisition of ambulances and equipment, the acquisition or demolition of dangerous buildings, and sewer system improvements. During the year ended June 30, 2023, no principal or interest was paid on the notes.

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

The City has a general obligation debt limit of approximately \$2,500,000, which was not exceeded during the year ended June 30, 2023.

Revenue Notes

A summary of the City's June 30, 2023 revenue notes payable is as follows:

Year Ending June 30,	Sewer			Sewer		
	Issued Sept 29, 2004			Issued Oct 5, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	1.75%	\$ 48,000	1,698	1.75%	\$ 15,000	823
2025	1.75%	49,000	857	1.75%	16,000	560
2026	-	-	-	1.75%	16,000	280
2027	-	-	-	-	-	-
		<u>\$ 97,000</u>	<u>2,555</u>		<u>\$ 47,000</u>	<u>1,663</u>

Year Ending June 30,	Sewer			Total		
	Issued Jun 28, 2007					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2024	3.00%	\$ 4,000	480	\$ 67,000	3,001	70,001
2025	3.00%	4,000	360	69,000	1,777	70,777
2026	3.00%	4,000	240	20,000	520	20,520
2027	3.00%	4,000	120	4,000	120	4,120
		<u>\$ 16,000</u>	<u>1,200</u>	<u>\$ 160,000</u>	<u>5,418</u>	<u>165,418</u>

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (3) Bonds, Notes and Leases Payable – Continued

Revenue Notes - Continued

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$750,000 in sewer revenue notes issued in September 2004, \$250,000 in sewer revenue notes issued in October 2006, and \$59,000 in sewer revenue notes issued in June 2007. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2027. Annual principal and interest payments on the notes required more than 100 percent of net receipts. The total principal and interest remaining to be paid on the notes is \$165,418. For the current year, principal and interest paid and total customer net receipts were \$68,158 and \$29,351, 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 enterprise activity.
- b) Sewer revenue charges must be established at a level which produces and maintains net receipts at a level no less than 110% of principal and interest falling due in the same year.

The City is not in compliance with the above provisions.

Lease Agreements

On April 26, 2018, the City entered into a noncancelable lease agreement for a copier. An initial lease liability was recorded in the amount of \$4,745. The agreement requires monthly payments of \$87 over 60 months, with an interest rate of 3.75%, based on the incremental borrowing rate, with final payment made on April 30, 2023.

On May 3, 2023, the City entered into a noncancelable lease agreement for 2 tractor/mowers. An initial lease liability was recorded in the amount of \$10,079. The agreement requires annual payments of \$3,573 over 3 years, with an implicit interest rate of 6.5%, and a final payment on May 3, 2024. The City has an option to purchase at May 3, 2025.

Year Ending June 30,	Tractor Mowers		
	Principal	Interest	Total
2024	\$ 3,355	218	3,573

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (4) Pension Plan Benefits

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 members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned 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 starting 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 benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

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

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (4) Pension Plan Benefits - Continued

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 using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of pay and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2023 totaled \$19,418.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$95,062 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 pension plan relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's proportion was 0.002516%, which was an increase of 0.003383% from 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 (\$1,365), \$96,337 and \$103,522 respectively.

There were no non-employer contributing entities to IPERS.

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

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (4) Pension Plan Benefits - Continued

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 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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 that employee contributions will be made at the contractually required rate and that 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 benefit payments to determine the total pension liability.

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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	0.77
Private equity	13.0	7.57
Privated real assets	8.5	3.55
Private credit	8.0	3.63
Total	100%	

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (4) Pension Plan Benefits - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability 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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 177,113	95,062	22,754

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

NOTE (5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and comp time hours 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. The City had \$1,131 for earned vacation and comp time termination payments payable to employees at June 30, 2023. This liability has been computed based on rates of pay in effect at June 30, 2023.

NOTE (6) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 144,036
	Fema	45,187
		<u>189,223</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	12,393
		<u>\$ 201,616</u>

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

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (7) 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.

NOTE (8) Deficit Fund Balances

At June 30, 2023, the City had the following deficit fund balances:

Capital Projects	\$	6,782
Proprietary, Sewer Fund		66,284
 Total	 \$	 <u>73,066</u>

The deficit in the Capital Projects Fund will be eliminated with project and grant funding. The City will investigate possible sewer rate changes in order to eliminate the proprietary deficit balance.

NOTE (9) Urban Renewal

Carson Urban Renewal Area

On September 13, 1999, the City established the Carson Urban Renewal Area which included the entire area within the corporate boundaries of the City except for four agricultural properties. The objectives of the plan included the stimulation of new residential development, the efficient construction of street, water, storm sewer and sanitary sewer improvements to support housing development and an increase in affordable housing units in the City. The area principally served by the plan is the Wilbur Subdivision.

On September 12, 2005, the City adopted Amendment No. 1 to the Carson Urban Renewal Area. The amendment determined an area of the City to be blighted and provided for its rehabilitation, conservation, redevelopment, and development as in the interest of the public health, safety or welfare of the residents of the City.

Lewis/Lariviere Urban Renewal Area

In June 2004, the City established the Lewis/Lariviere Urban Renewal Area and designated the area as an economic development district. In December 2004, the area was expanded to include a parcel of the commercial district by the adoption of Amendment No. 1. The objectives of the plan are commercial and residential development south of Highway 92.

Tibbles Urban Renewal Area

On April 11, 2005, the City established the Tibbles Urban Renewal Area and designated the Tibbles Subdivision as an economic development district to promote new residential development. The Tibbles subdivision is located west of the Nishnabotna River.

City of Carson
Notes to Financial Statements
June 30, 2023

NOTE (10) Commitments

Billing Services Agreement

The City has an agreement with Quick Medical Claims to provide medical billings for ambulance calls for a monthly fee of 10% of the net collections on the City's behalf during the preceding month. Either party may terminate with 60 days' notice.

Garbage Collection Service Agreement

On November 14, 2022 the City signed an agreement with MTS, Inc. for the collection of garbage, rubbish, and recyclables. The contract runs to December 31, 2027. Beginning January 1, 2023, the contracted amount per residential unit for up to four 32-gallon containers per week is \$13.05 per month. The contracted amount for commercial, industrial, and institutional premises, per yard, per dump is \$10.00, and \$5.00 per unit per month for recyclables. The City paid \$65,448 on the contract during fiscal year 2023.

Law Enforcement Service Contract

The City renewed its Law Enforcement Services Contract with Pottawattamie County for the services of the Pottawattamie County Sheriff's Department as of July 1, 2023. The contract is payable in four installments of \$3,556 during fiscal year 2023.

NOTE (11) Franchise Agreement

On August 13, 2007, the City passed an ordinance granting to Mid-American Energy Company, its successors and assignees, the right and franchise to acquire, construct, erect, maintain, and operate a natural gas system in the City of Carson, and to furnish and sell natural gas to the City and its inhabitants for a period of twenty-five years. The City also passed an ordinance granting Mid-American Energy Company, its successors and assignees, the right and franchise to acquire, construct, erect, maintain, and operate a system for the transmission and distribution of electric energy and communications signals to the City and its inhabitants for a period of twenty-five years. The franchises will expire in 2032.

NOTE (12) Construction Commitment

The City has a construction commitment of \$12,696 including retainage of \$9,002 at June 30, 2023 for a water and sewer extension project.

City of Carson
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds
 Other Information
 Year ended June 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Receipts:						
Property tax	\$ 314,375	-	314,375	346,005	346,005	(31,630)
Tax increment financing	28,511	-	28,511	87,064	87,064	(58,553)
Other city tax	181,282	-	181,282	127,995	184,978	(3,696)
Licenses and permits	2,389	-	2,389	2,645	4,175	(1,786)
Use of money and property	8,116	-	8,116	18,150	19,650	(11,534)
Intergovernmental	366,162	-	366,162	299,653	303,166	62,996
Charges for service	42,397	398,888	441,285	412,338	454,547	(13,262)
Special assessments	-	-	-	1,500	1,500	(1,500)
Miscellaneous	50,485	31,840	82,325	11,000	54,718	27,607
Total receipts	993,717	430,728	1,424,445	1,306,350	1,455,803	(31,358)
Disbursements:						
Public safety	113,570	-	113,570	116,659	124,243	10,673
Public works	201,251	-	201,251	223,228	254,812	53,561
Culture and recreation	155,751	-	155,751	92,687	183,680	27,929
Community and economic development	42,925	-	42,925	75,000	77,913	34,988
General government	151,198	-	151,198	147,115	163,700	12,502
Debt service	123,013	-	123,013	123,013	124,989	1,976
Capital projects	615,887	-	615,887	93,285	756,297	140,410
Business type activities	-	458,145	458,145	387,338	490,057	31,912
Total disbursements	1,403,595	458,145	1,861,740	1,258,325	2,175,691	313,951
Excess (deficiency) of receipts over (under) disbursements	(409,878)	(27,417)	(437,295)	48,025	(719,888)	282,593
Other financing sources, net	616,644	-	616,644	-	27,896	588,748
Change in balances	206,766	(27,417)	179,349	48,025	(691,992)	871,341
Balances beginning of year	1,824,678	48,272	1,872,950	1,757,709	1,757,709	115,241
Balances end of year	\$ 2,031,444	20,855	2,052,299	1,805,734	1,065,717	986,582

See accompanying independent auditors' report.

City of Carson
Notes to Other Information – Budgetary Reporting
June 30, 2023

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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 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 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 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, one budget amendment increased budgeted disbursements by \$917,366. The budget amendment is reflected in the final budgeted amounts.

City of Carson
 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 proportion of the net pension liability	0.002516%	(0.000867%)	0.002138%	0.002109%	0.002067%	0.001829%	0.002130%	0.002033%	0.002021%
City's proportionate share of the net pension liability	\$ 95	3	150	122	131	122	134	100	80
City's covered payroll	\$ 203	173	170	160	155	140	154	181	185
City's proportionate share of the net pension liability as a percentage of its covered payroll	46.80%	1.73%	88.24%	76.25%	84.52%	87.14%	87.01%	55.25%	43.24%
IPERS' net position as a percentage of the total pension liability	91.40%	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 were determined as of June 30 of the preceding fiscal year

See accompanying independent auditors' report

City of Carson
 Schedule of City Contributions
 Iowa Public Employees' Retirement System
 For the Last Ten Years
 (In Thousands)
 Other Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 19	19	16	16	15	14	12	14	17	17
Contributions in relation to the statutorily required contribution	19	19	16	16	15	14	12	14	17	17
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 206	\$ 203	173	170	160	155	140	154	181	185
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	9.17%	9.18%

See accompanying independent auditors' report

City of Carson
Notes to Other Information – Pension Liability (Asset)
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 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 assumptions.

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

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

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

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

Supplementary Information

City of Carson
 Schedule of Receipts By Source and Disbursements By Function -
 All Governmental Funds
 For the Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Receipts:										
Property tax	\$ 314,375	323,749	312,679	314,792	304,583	317,240	321,947	323,750	282,586	282,214
Tax increment financing collections	28,511	30,886	78,132	99,207	94,739	88,484	77,973	82,268	213,810	71,981
Other city tax	181,282	167,326	178,752	165,900	119,556	103,938	101,051	123,063	129,020	102,992
Licenses and permits	2,389	2,488	1,761	1,484	993	1,257	1,127	638	1,374	1,514
Use of money and property	8,116	7,035	4,311	8,148	10,671	10,029	6,955	10,788	6,684	3,960
Intergovernmental	366,162	273,821	235,237	252,259	141,285	133,440	146,115	116,437	121,851	291,603
Charges for service	42,397	49,523	40,883	45,531	46,042	42,189	41,465	30,781	33,213	29,020
Special assessments	-	-	217	-	-	-	793	-	-	-
Miscellaneous	50,485	24,002	63,971	75,295	27,502	35,666	13,140	43,140	114,051	113,517
Total	\$ 993,717	878,830	915,943	982,616	745,371	732,243	710,566	730,865	902,589	896,801
Disbursements:										
Operating:										
Public safety	\$ 113,570	117,231	104,869	111,311	96,812	88,410	87,947	115,088	308,714	139,545
Public works	201,251	96,784	102,068	113,311	210,939	99,887	125,967	95,916	516,014	93,391
Culture and recreation	155,751	68,118	82,200	105,235	84,005	81,505	164,419	98,777	87,657	60,137
Community and economic development	42,925	79,505	30,084	105,775	91,566	9,271	21,340	29,065	132,970	44,834
General government	151,198	153,524	141,108	260,214	89,864	85,511	76,841	81,293	80,586	72,206
Debt service	123,013	126,250	160,340	204,539	174,980	189,030	242,945	230,474	251,641	195,308
Capital projects	615,887	83,410	23,885	-	11,573	23,250	137,949	-	350	6,137
Total	\$ 1,403,595	724,822	644,554	900,385	759,739	576,864	857,408	650,613	1,378,932	611,558

See accompanying independent auditors' report.

City of Carson



Diane McGrain, CPA
Jim Menard, CPA
Kelsey Peterson, CPA

October 12, 2023

Independent Auditors' 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, and each major fund of the City of Carson, 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 October 12, 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Carson's internal control over financial reporting to determine the audit 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 Carson's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Carson's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Continued...

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City of Carson
Independent Auditors' Report on
Internal Control and Compliance and Other Matters

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Carson'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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

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 Carson's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Carson 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.



Schroer & Associates, PC
Council Bluffs, IA

City of Carson
 Schedule of Findings
 Year Ended June 30, 2023

Part II: Other Findings Related to Required Statutory Reporting - Continued:

2023-H Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

2023-I Revenue Note

Comment – The City has a deficit fund balance in the Sewer Fund which violates the provision of the sewer revenue bond resolution.

Recommendation – The City should establish rates which will generate user fees sufficient to service the revenue debt and the operations of the City's sanitary sewer system.

Response – We had some unusual repairs this year. We will review the necessity to raise rates.

Conclusion – Response accepted.

2023-J Financial Condition

Comment – At June 30, 2023, the City had the following deficit fund balances:

Capital Projects	\$	6,782
Proprietary, Sewer Fund		66,284
 Total	 \$	 <u>73,066</u>

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial condition. User fees for sewer should be adjusted to service operations and revenue debt. The City should control spending within corresponding revenue sources.

Response – We will monitor these funds closely.

Conclusion – Response accepted.

2023-K Annual Urban Renewal Report

The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 as required by Chapter 384.22(2)(a) of the Code of Iowa and no exceptions were noted.