

CARLISLE COMMUNITY SCHOOL DISTRICT  
CARLISLE, IOWA

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

JUNE 30, 2005

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CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2004 Election)		
Mark Randleman	President	2004
Lee Evans	Vice President	2005
John Judisch	Board Member	(Appointed 12-9-03) 2004
Eileene Bailey	Board Member	(Appointed 6-8-04) 2004
Ann Polito	Board Member	2006
<u>Board of Education</u>		
(After September 2004 Election)		
Lee Evans	President	2005
Ann Polito	Vice President	2006
Eileene Bailey	Board Member	2005
Mark Randleman	Board Member	2007
John Judisch	Board Member	2007
<u>School Officials</u>		
Dr. Tom Lane	Superintendent	2007
Ethel L. Lee	District Secretary/Treasurer	2005
Sue Seitz	Attorney	Indefinite

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Carlisle Community School District:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Carlisle Community School District, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Carlisle Community School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 12, 2005 on our consideration of Carlisle Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 the internal control over financial reporting or on 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.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 through 16 and 48 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, 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 Carlisle Community School District'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, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8 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.

Oskaloosa, Iowa  
August 12, 2005

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This section of the Carlisle Community School District 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, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Because the District has implemented new reporting standards last fiscal year, comparisons are made in explaining the District's financial position and results of operations.

### **Financial Highlights**

- General Fund revenues increased from \$8,965,717 in fiscal year 2004 to \$9,679,609 in fiscal year 2005, while General Fund expenditures increased from \$8,969,325 in fiscal year 2004 to \$9,679,888 in fiscal year 2005. The General Fund had transferred \$306,000 to the Special Revenue Fund, Physical Plant and Equipment Levy, for a land purchase in fiscal year 2004. Interest only on this loan was paid to the General Fund fiscal year 2005 in the amount of \$9,180. One-half of the principal plus interest will be paid in fiscal year 2006. With these changes in the revenues and expenditures, a minimal change was seen in the General Fund balance. The General Fund balance as of 6-30-05 was \$2,308,650 compared to \$2,308,929 year end 6-30-04.
- The increase in General Fund revenues was attributable to an increase in enrollment of 79.5 students in fiscal year 2004 and an increase in property valuations. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits expenditures, additional teachers needed, and additional repairs & maintenance.
- Interest rates appear to be rising compared to the previous year. Interest earnings in the General Fund increased from \$38,149 in fiscal year 2004 to \$66,006 in fiscal year 2005.

## Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements. Fund statements include the following:

The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

The statements for *fiduciary funds* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

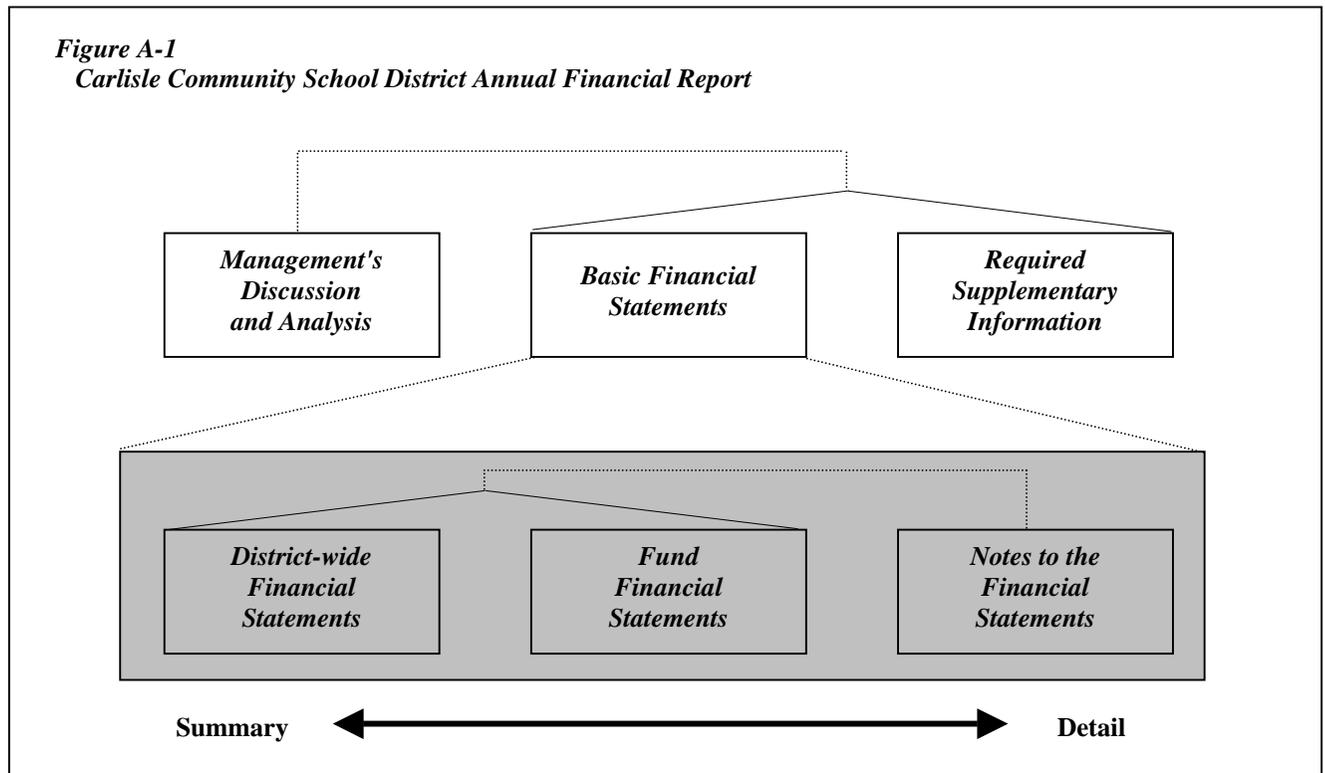


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2 Major Features of the District-Wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **District-wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, Building Trades student built housing and the Adult Education activities are included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

- The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
  - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds, the School Nutrition Fund, the Building Trades Fund and the Adult Education Fund.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust funds.
  - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

**Net assets** - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2005.

Figure A-3 Condensed Statement of Net Assets	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Change
	2005	2004	2005	2004	2005	2004	2004-05
Current and other assets	7,270,060	6,798,226	146,630	136,535	7,416,690	6,934,761	0.06949
Capital assets	9,207,867	5,709,326	24,486	30,559	9,232,353	5,739,885	0.60846
Total assets	16,477,927	12,507,552	171,116	167,094	16,649,043	12,674,646	0.31357
Long-term obligations	4,740,227	2,015,523			4,740,227	2,015,523	1.35186
Other liabilities	4,277,875	4,037,574	34,832	22,792	4,312,707	4,060,366	0.62147
Total liabilities	9,018,102	6,053,097	34,832	22,792	9,052,934	6,075,889	0.48998
Net assets:							
Invested in capital assets,							
net of related debt	5,432,867	4,619,326	24,486	30,559	5,457,353	4,649,885	0.17365
Restricted	437,136	132,970			437,136	132,970	2.28748
Unrestricted	1,589,822	1,702,159	111,798	113,743	1,701,620	1,815,902	-0.06293
Total net assets	7,459,825	6,454,455	136,284	144,302	7,596,109	6,598,757	0.15114

The District's combined net assets were \$7,596,109 at June 30, 2005.

A decrease in unrestricted net assets was primarily due to the District using a portion of the carryover fund balance to loan to the Building and Trades Fund for operating activities.

**Changes in net assets** – Figure A-4 shows the changes in net assets for the year ended June 30, 2005. The District's improved financial position is the product of many factors. Growth due to revenue increase from increased enrollment is one of the main reasons.

Property and other taxes and unrestricted state grants account for 81 percent of the total revenue. The District's expenses primarily relate to instruction and support services which account for 89 percent of the total expenses.

Figure A-4 Changes in Net Assets	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2005	2004	2005	2004	2005	2004	2004-05
Revenues:							
Program revenues:							
Charges for service and sales	718,011	714,022	334,377	703,911	1,052,388	1,417,933	-25.8%
Operating grants, contributions and restricted interest	991,826	913,922	166,072	148,661	1,157,898	1,062,583	9%
Capital grants, contributions and restricted interest							
General revenues:							
Property and other taxes	4,101,618	3,471,314			4,101,618	3,471,314	18.1%
Unrestricted state grants	5,737,210	5,323,114			5,737,210	5,323,114	7.8%
Unrestricted investment earnings	99,359	46,335	1,029	865	100,388	47,200	12.7%
Other	34,485	34,988			34,485	34,988	-1.4%
Total revenues	11,682,509	10,503,695	501,478	853,437	12,183,987	11,357,132	7.2%
Program expenses:							
Governmental activities:							
Instruction	6,743,245	6,447,687			6,743,245	6,447,687	4.6%
Support services	3,186,987	2,875,385			3,186,987	2,875,385	10.8%
Non-instructional programs			509,496	875,605	509,496	875,605	-41.8%
Other expenses	746,907	841,792			746,907	841,792	-11.3%
Total expenses	10,677,139	10,164,864	509,496	875,605	11,186,635	11,040,469	1.3%
Change in net assets	1,005,370	338,831	(8,018)	(22,168)	997,352	316,663	215%

### Governmental Activities

Revenues for governmental activities were \$11,682,509 and expenses were \$10,677,139.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	6,743,245	5,471,039
Support services	3,186,987	3,148,515
Other expenses	746,907	347,748
Totals	<u>10,677,139</u>	<u>8,967,302</u>

- The cost financed by users of the District's programs was \$718,011.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$991,826.
- The remaining cost of governmental activities was financed with \$4,101,618 in property and other taxes, \$5,737,210 in state foundation aid, \$99,359 in interest income and \$34,485 in miscellaneous revenues.

### Business-Type Activities

Revenues of the District's business-type activities were \$501,478 and expenses were \$509,496. The District's business-type activities include the School Nutrition, Building Trades, and Adult Education Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements, sale of house, rent and investment income. All expenses in the District's business-type activities are recorded as non-instructional programs.

## Financial Analysis of the District's Funds

As previously noted, the Carlisle Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,033,475.

## **Governmental Fund Highlights**

- The District's financial position remains in good condition. The school board has emphasized they wish to maintain at least a 3 month reserve as a back up in case of future cuts.
- The General Fund balance decreased from \$2,308,929 to 2,308,650, due in part to the negotiated salary and benefits settlement and existing expenditure commitments of the District.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from \$183,820 in fiscal 2004 to \$26,918 in fiscal 2005. Revenues in this fund have increased due to a \$1 PPEL levy that was passed on 10-09-2001. The special PPEL levy is in effect for five years. The major reason for the levy was to generate matching funds for a Vision Iowa Grant that was granted to the school in FY2002. Money received from this special levy is transferred yearly to the Capital Projects Fund until the deficit is depleted. This FY, the matching funds requirement had been met and the deficit was reduced.
- The Capital Projects Fund is comprised of several projects. The Vision Iowa Grant project that had been started in 2002 for the Elementary Addition, Local Option Sales Tax that has been received since July, 2000, renovations to the Football Stadium, remodeling of the High School Gym and completion of new Early Childhood facility. The fund balance at the end of FY05 was \$ (247,627).

## **Proprietary Fund Highlights**

The School Nutrition Fund net assets decreased from \$51,022 at June 30, 2004 to \$37,572 at June 30, 2005. This is due to the increase of operating and salary costs.

## **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue that was received along with expenses associated with the capital project activity. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

## **Legal Budgetary Highlights**

The District's total actual receipts were approximately \$368,000 more than the total budgeted receipts, a variance of 3.2 %.

Total expenditures were less than budgeted by approximately \$1,283,000, a variance of 7.8%. The District manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

The District did not exceed the budgeted amounts in any of the four functional areas during the year ended June 30, 2005.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2005, the District had invested \$9,232,353, net of accumulated depreciation of \$4,008,084, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year totaled \$290,652.

The original cost of the District's capital assets was \$13,240,437. Governmental funds account for \$ 13,039,392 with the remainder of \$ 201,045 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress and buildings categories due to the District's closing \$974,082 of construction in progress to buildings at June 30, 2005 for the football stadium and high school gymnasium improvements.

<b>Figure A-6</b>						
<b>Capital Assets, net of Depreciation</b>						
	Governmental Activities		Business-type Activities		Total School District	
	2005	2004	2005	2004	2005	2004
Land	831,177	831,177			831,177	831,177
Construction in progress	2,828,346	135,587			2,828,346	135,587
Buildings	5,238,732	4,461,210			5,238,732	4,461,210
Improvements other than buildings						
Furniture and equipment	309,612	281,352	24,486	30,559	334,098	311,911
Totals	9,207,867	5,709,326	24,486	30,559	9,232,353	5,739,885

**Long-Term Liabilities**

At June 30, 2005, the District had \$4,740,227 in general obligation bonds and other long-term liabilities outstanding. This represents an increase of approximately 235 percent from last year, due to the issuance in the current year of \$3,100,000 in Local Option Sales and Services Tax Revenue Bonds. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

In December 2002, the Board of Directors refinanced the outstanding general obligation bond in order to take advantage of desirable interest rates. This refinancing resulted in reducing the length of bond payments by two years and saving over \$146,000 in interest.

The matching Vision Iowa Project was completed and paid off as of June 30, 2005.

**Figure A-7**  
**Outstanding Long-Term Obligations**

	Total School District		Total Change
	2005	2004	2004-2005
Real estate contract	0	153,000	
General obligation bonds	675,000	1,090,000	-0.38073
Revenue bonds	3,100,000	-	
Early retirement	949,738	759,568	0.25036
Compensated absences	15,489	12,955	0.19560
<b>Totals</b>	<b>4,740,227</b>	<b>2,015,523</b>	<b>2.35186</b>

## **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Warren County passed the Local Option Sales Tax beginning 7-01-04. This increase in revenue will fund the new revenue bond issue that was approved in FY04 and sold in FY05.
- The District expects to continue experiencing increased enrollment due to new housing developments in progress within the district.
- The District has evaluated the condition of its transportation vehicles and determined that, a used bus would be added to our fleet in FY05 instead of purchasing a new bus.
- Increases in insurance costs always play a big factor in negotiating with the Carlisle Community Education Association (CCEA). Insurance packages will be reviewed again during FY06.
- A special election was held on January 13, 2004 asking Warren County residents to pass a Local Option Sales Tax. Income from this tax did not start until July 1, 2004 and will be collected for a 10 year period.
- Due to our increased enrollment needs, an early childhood facility project began. Revenue Bonds were sold in July to pay for this facility along with improvements to the football stadium and high school gymnasium. Money collected from the Warren and Polk County Local Option Sales Tax will be used for re-payment of these bonds.
- The remaining matching funds for the Vision Iowa Grant were received during FY05 and were transferred to the Capital Projects Fund by FY05 year end.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jean Flaws, District Secretary/Treasurer and Business Manager, Carlisle Community School District, 430 School Street, Carlisle, Iowa, 50047.

## Basic Financial Statements

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 3,653,503	\$ 33,399	\$ 3,686,902
Receivables:			
Property tax:			
Current year	40,797	-	40,797
Succeeding year	3,066,000	-	3,066,000
Accrued interest	42,093	496	42,589
Interfund receivable (payable)	91,338	(91,338)	-
Accounts	1,327	-	1,327
Due from other governments	375,002	-	375,002
Inventories	-	204,073	204,073
Capital assets, net of accumulated depreciation (note 5)	9,207,867	24,486	9,232,353
	<hr/>	<hr/>	<hr/>
Total assets	16,477,927	171,116	16,649,043
Liabilities			
Accounts payable	219,281	1,225	220,506
Salaries and benefits payable	940,693	24,649	965,342
Accrued interest payable	51,901	-	51,901
Deferred revenue:			
Succeeding year property tax	3,066,000	-	3,066,000
Other	-	8,958	8,958
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	157,715	-	157,715
Bonds payable	705,000	-	705,000
Compensated absences	15,489	-	15,489
Portion due after one year:			
Early retirement	792,023	-	792,023
Bonds payable	3,070,000	-	3,070,000
	<hr/>	<hr/>	<hr/>
Total liabilities	9,018,102	34,832	9,052,934

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 5,432,867	\$ 24,486	\$ 5,457,353
Restricted for:			
Physical plant and equipment levy	26,918	-	26,918
Other special revenue purposes	83,961	-	83,961
Debt service	326,257	-	326,257
Unrestricted	<u>1,589,822</u>	<u>111,798</u>	<u>1,701,620</u>
Total net assets	<u>\$ 7,459,825</u>	<u>\$ 136,284</u>	<u>\$ 7,596,109</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
<b>Governmental Activities:</b>			
Instruction:			
Regular instruction	\$ 4,640,298	\$ 350,126	\$ 474,317
Special instruction	1,373,961	90,047	73,638
Other instruction	728,986	269,773	14,305
	<u>6,743,245</u>	<u>709,946</u>	<u>562,260</u>
Support services:			
Student services	375,795	-	20,195
Instructional staff services	378,376	30	-
Administration services	1,136,275	-	-
Operation and maintenance of plant services	890,506	7,800	-
Transportation services	406,035	235	10,212
	<u>3,186,987</u>	<u>8,065</u>	<u>30,407</u>
Other expenditures:			
Long-term debt interest and fiscal charges	151,188	-	-
AEA flowthrough	399,159	-	399,159
Depreciation (unallocated) *	196,560	-	-
	<u>746,907</u>	<u>-</u>	<u>399,159</u>
Total governmental activities	10,677,139	718,011	991,826
<b>Business-Type Activities:</b>			
Non-instructional programs:			
Food service operations	507,105	326,815	166,072
Other programs	2,391	7,562	-
	<u>509,496</u>	<u>334,377</u>	<u>166,072</u>
Total	\$ <u>11,186,635</u>	\$ <u>1,052,388</u>	\$ <u>1,157,898</u>

Net (Expense) Revenue  
and Changes in Net Assets

---

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (3,815,855)	\$ -	\$ (3,815,855)
(1,210,276)	-	(1,210,276)
(444,908)	-	(444,908)
<u>(5,471,039)</u>	<u>-</u>	<u>(5,471,039)</u>
(355,600)	-	(355,600)
(378,346)	-	(378,346)
(1,136,275)	-	(1,136,275)
(882,706)	-	(882,706)
(395,588)	-	(395,588)
<u>(3,148,515)</u>	<u>-</u>	<u>(3,148,515)</u>
(151,188)	-	(151,188)
-	-	-
(196,560)	-	(196,560)
<u>(347,748)</u>	<u>-</u>	<u>(347,748)</u>
(8,967,302)	-	(8,967,302)
-	(14,218)	(14,218)
-	5,171	5,171
<u>-</u>	<u>(9,047)</u>	<u>(9,047)</u>
<u>(8,967,302)</u>	<u>(9,047)</u>	<u>(8,976,349)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

Functions/Programs

---

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Local option sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

\* = This amount excludes the depreciation that is included  
in the direct expense of the various programs.

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

---

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ 2,660,362	\$ -	\$ 2,660,362
391,730	-	391,730
238,977	-	238,977
810,549	-	810,549
5,737,210	-	5,737,210
99,359	1,029	100,388
34,485	-	34,485
<hr/>		
9,972,672	1,029	9,973,701
<hr/>		
1,005,370	(8,018)	997,352
<hr/>		
6,454,455	144,302	6,598,757
<hr/>		
<u>\$ 7,459,825</u>	<u>\$ 136,284</u>	<u>\$ 7,596,109</u>

## CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2005

	General	Special Revenue Physical Plant and Equipment Levy	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and pooled investments	\$ 2,063,594	\$ 329,785	\$ 313,473	\$ 936,040	\$ 3,642,892
Receivables:					
Property tax:					
Current year	29,932	2,875	-	7,990	40,797
Succeeding year	2,306,000	223,000	-	537,000	3,066,000
Accrued interest	34,220	258	1,054	6,561	42,093
Interfund receivable (note 3)	1,077,973	-	-	-	1,077,973
Accounts	1,327	-	-	-	1,327
Due from other governments	85,393	-	289,609	-	375,002
Total assets	<u>\$ 5,598,439</u>	<u>\$ 555,918</u>	<u>\$ 604,136</u>	<u>\$ 1,487,591</u>	<u>\$ 8,246,084</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 44,105	\$ -	\$ 171,128	\$ 4,048	\$ 219,281
Salaries and benefits payable	939,684	-	-	1,009	940,693
Interfund payable (note 3)	-	306,000	680,635	-	986,635
Deferred revenue:					
Succeeding year property tax	2,306,000	223,000	-	537,000	3,066,000
Total liabilities	<u>3,289,789</u>	<u>529,000</u>	<u>851,763</u>	<u>542,057</u>	<u>5,212,609</u>
Fund balance:					
Reserved for:					
State grants	15,704	-	-	-	15,704
Debt service	-	-	-	378,158	378,158
Unreserved:					
Reported in nonmajor Special Revenue Funds	-	-	-	567,376	567,376
Undesignated	2,292,946	26,918	(247,627)	-	2,072,237
Total fund balances	<u>2,308,650</u>	<u>26,918</u>	<u>(247,627)</u>	<u>945,534</u>	<u>3,033,475</u>
Total liabilities and fund balances	<u>\$ 5,598,439</u>	<u>\$ 555,918</u>	<u>\$ 604,136</u>	<u>\$ 1,487,591</u>	<u>\$ 8,246,084</u>

See notes to financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

June 30, 2005

Total fund balances of governmental funds	\$ 3,033,475
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	9,207,867
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(51,901)
Long-term liabilities, including early retirement, bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(4,740,227)
The balance of the Internal Service Fund is considered to be an overcharge to the governmental activities and is therefore incorporated back into the overall net assets.	<u>10,611</u>
Net assets of governmental activities	<u><u>\$ 7,459,825</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

	General	Special Revenue Physical Plant and Equipment Levy	Capital Projects	Nonmajor Governmental Funds	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 2,405,774	\$ 238,773	\$ 810,549	\$ 643,708	\$ 4,098,804
Tuition	300,814	-	-	-	300,814
Other	237,938	614	22,463	286,039	547,054
State sources	6,537,616	204	-	550	6,538,370
Federal sources	197,467	-	-	-	197,467
Total revenues	<u>9,679,609</u>	<u>239,591</u>	<u>833,012</u>	<u>930,297</u>	<u>11,682,509</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	4,379,324	-	-	155,129	4,534,453
Special instruction	1,373,961	-	-	-	1,373,961
Other instruction	475,791	-	-	253,195	728,986
	<u>6,229,076</u>	<u>-</u>	<u>-</u>	<u>408,324</u>	<u>6,637,400</u>
Support services:					
Student services	373,037	-	-	-	373,037
Instructional staff services	378,376	-	-	-	378,376
Administration services	1,093,941	-	-	-	1,093,941
Operation and maintenance of plant services	799,482	-	-	105,552	905,034
Transportation services	406,817	-	-	-	406,817
	<u>3,051,653</u>	<u>-</u>	<u>-</u>	<u>105,552</u>	<u>3,157,205</u>
Other expenditures:					
Facilities acquisition	-	250,427	3,537,658	-	3,788,085
Long term debt:					
Principal	-	-	-	71,759	71,759
Interest and fiscal charges	-	-	-	415,600	415,600
AEA flowthrough	399,159	-	-	-	399,159
	<u>399,159</u>	<u>250,427</u>	<u>3,537,658</u>	<u>487,359</u>	<u>4,674,603</u>
Total expenditures	<u>9,679,888</u>	<u>250,427</u>	<u>3,537,658</u>	<u>1,001,235</u>	<u>14,469,208</u>
Deficiency of revenues under expenditures	<u>(279)</u>	<u>(10,836)</u>	<u>(2,704,646)</u>	<u>(70,938)</u>	<u>(2,786,699)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

	General	Special Revenue Physical Plant and Equipment Levy	Capital Projects	Nonmajor Governmental Funds	Total
Other financing sources (uses):					
Interfund transfers in	\$ -	\$ -	\$ 146,066	\$ 428,465	\$ 574,531
Interfund transfers out	-	(146,066)	(428,465)	-	(574,531)
General obligation bonds issued	-	-	3,037,984	-	3,037,984
Total other financing sources (uses)	-	(146,066)	2,755,585	428,465	3,037,984
Net change in fund balances	(279)	(156,902)	50,939	357,527	251,285
Fund balances beginning of year	2,308,929	183,820	(298,566)	588,007	2,782,190
Fund balances end of year	\$ <u>2,308,650</u>	\$ <u>26,918</u>	\$ <u>(247,627)</u>	\$ <u>945,534</u>	\$ <u>3,033,475</u>

See notes to financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

Net change in fund balances - total governmental funds \$ 251,285

Amounts reported for governmental activities in the statement of activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the statement of net assets and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlays and depreciation expense in the year are as follows:

	Capital outlays	\$ 3,781,854	
	Depreciation expense	<u>(283,313)</u>	3,498,541

The net loss in the Internal Service Fund represents an undercharge to the governmental funds. The expenses in the Statement of Activities are adjusted to reflect this amount. (2,939)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets. 599,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (47,813)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (254,720)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but increase long-term liabilities in the statement of net assets and do not affect the statement of activities. (3,037,984)

Change in net assets of governmental activities \$ 1,005,370

See notes to financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

June 30, 2005

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
<b>Assets</b>				
Cash and cash equivalents	\$ 32,186	\$ 1,213	\$ 33,399	\$ 10,611
Receivables:				
Accrued interest	349	147	496	-
Inventories	14,158	189,915	204,073	-
Capital assets, net of accumulated depreciation	24,486	-	24,486	-
Total assets	<u>71,179</u>	<u>191,275</u>	<u>262,454</u>	<u>10,611</u>
<b>Liabilities</b>				
Accounts payable	-	1,225	1,225	-
Salaries and benefits payable	24,649	-	24,649	-
Due to other funds	-	91,338	91,338	-
Deferred revenue	8,958	-	8,958	-
Total liabilities	<u>33,607</u>	<u>92,563</u>	<u>126,170</u>	<u>-</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	24,486	-	24,486	-
Unrestricted	13,086	98,712	111,798	10,611
Total net assets	<u>\$ 37,572</u>	<u>\$ 98,712</u>	<u>\$ 136,284</u>	<u>\$ 10,611</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
Year Ended June 30, 2005

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
Operating revenues:				
Local sources:				
Charges for services	\$ 326,815	\$ 7,562	\$ 334,377	\$ 13,327
Operating expenses:				
Non-instructional programs:				
Food service operations:				
Salaries	166,620	110	166,730	-
Benefits	60,343	15	60,358	16,266
Purchased services	18,450	1,600	20,050	-
Supplies	253,722	666	254,388	-
Depreciation	7,339	-	7,339	-
Other	631	-	631	-
	<u>507,105</u>	<u>2,391</u>	<u>509,496</u>	<u>16,266</u>
Operating income (loss)	<u>(180,290)</u>	<u>5,171</u>	<u>(175,119)</u>	<u>(2,939)</u>
Non-operating revenues:				
Interest on investments	768	261	1,029	-
State sources	7,202	-	7,202	-
Federal sources	158,870	-	158,870	-
Total non-operating revenues	<u>166,840</u>	<u>261</u>	<u>167,101</u>	<u>-</u>
Change in net assets	(13,450)	5,432	(8,018)	(2,939)
Net assets beginning of year	<u>51,022</u>	<u>93,280</u>	<u>144,302</u>	<u>13,550</u>
Net assets end of year	<u>\$ 37,572</u>	<u>\$ 98,712</u>	<u>\$ 136,284</u>	<u>\$ 10,611</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2005

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 331,321	\$ -	\$ 331,321	\$ -
Cash received from miscellaneous operating activities	4,451	7,562	12,013	13,327
Cash payments to employees for services	(223,166)	(125)	(223,291)	(16,266)
Cash payments to suppliers for goods or services	(251,512)	(191,102)	(442,614)	-
Net cash used in operating activities	<u>(138,906)</u>	<u>(183,665)</u>	<u>(322,571)</u>	<u>(2,939)</u>
Cash flows from non-capital financing activities:				
State grants received	7,202	-	7,202	-
Federal grants received	134,189	-	134,189	-
Increase in due to other funds	-	91,338	91,338	-
Net cash provided by non-capital financing activities	<u>141,391</u>	<u>91,338</u>	<u>232,729</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(1,266)</u>	<u>-</u>	<u>(1,266)</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>532</u>	<u>458</u>	<u>990</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,751	(91,869)	(90,118)	(2,939)
Cash and cash equivalents beginning of year	<u>30,435</u>	<u>93,082</u>	<u>123,517</u>	<u>13,550</u>
Cash and cash equivalents end of year	<u>\$ 32,186</u>	<u>\$ 1,213</u>	<u>\$ 33,399</u>	<u>\$ 10,611</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2005

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
Reconciliation of operating income (loss) to net cash used in operating activities:				
Operating income (loss)	\$ (180,290)	\$ 5,171	\$ (175,119)	\$ (2,939)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Depreciation	7,339	-	7,339	-
Commodities used	24,681	-	24,681	-
(Increase) in inventories	(1,597)	(189,915)	(191,512)	-
Increase (decrease) in accounts payable	(1,794)	1,079	(715)	-
Increase in salaries and benefits payable	3,797	-	3,797	-
Increase in deferred revenues	8,958	-	8,958	-
Net cash used in operating activities	\$ <u>(138,906)</u>	\$ <u>(183,665)</u>	\$ <u>(322,571)</u>	\$ <u>(2,939)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received \$24,681 of federal commodities.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2005

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Assets:		
Cash and pooled investments	\$ 21,812	
Accrued interest receivable		<u>237</u>
Total assets		<u>22,049</u>
Liabilities:		
None		<u>-</u>
Net assets:		
Reserved for scholarships	\$	<u><u>22,049</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2005

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>427</u>
Deductions:	
None	<u>-</u>
Change in net assets	427
Net assets beginning of year	<u>21,622</u>
Net assets end of year	\$ <u><u>22,049</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1. Summary of Significant Accounting Policies

Carlisle Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Carlisle, Iowa, and agricultural territory in Polk and Warren Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Carlisle Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District 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 District are such that exclusion would cause the District'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 District 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 District. Carlisle Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Warren County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. 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 service.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

CARLISLE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues 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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the main operating fund of the District. All general tax revenues and other revenues 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 expenses, including instructional, support and other costs.

The Special Revenue, Physical Plant and Equipment Levy Fund is used to account for the payment of capital and related expenditures for building repairs and maintenance and for certain types of equipment.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

CARLISLE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the statement of net assets and the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment are reported in the applicable governmental or business-type activities columns in the District-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	1,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, other receivables not collected within sixty days after year end, and unearned meal revenues.

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned meal revenues.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide statement of net assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted in any of the four functional areas.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2005 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 District 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 Board of Education; 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.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2005

Note 2. Cash and Pooled Investments (continued)

Interest rate risk – The District’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 District.

Note 3. Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	\$ 680,635
General	Special Revenue: Physical Plant and Equipment Levy	306,000
General	Enterprise: Building and Trades	<u>91,338</u>
Total		<u>\$ 1,077,973</u>

The Physical Plant and Equipment Levy Fund is repaying the General Fund for a short-term loan. All other amounts are the result of pooled cash transactions.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects	Special Revenue: Physical Plant and Equipment Levy	\$ 146,066
Debt Service	Capital Projects	<u>428,465</u>
Total		<u>\$ 574,531</u>

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

CARLISLE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 831,177	\$ -	\$ -	\$ 831,177
Construction in progress	135,587	3,666,841	974,082	2,828,346
Total capital assets not being depreciated	<u>966,764</u>	<u>3,666,841</u>	<u>974,082</u>	<u>3,659,523</u>
Capital assets being depreciated:				
Buildings	7,123,340	974,082	-	8,097,422
Furniture and equipment	1,200,299	115,013	32,865	1,282,447
Total capital assets being depreciated	<u>8,323,639</u>	<u>1,089,095</u>	<u>32,865</u>	<u>9,379,869</u>
Less accumulated depreciation for:				
Buildings	2,662,130	196,560	-	2,858,690
Furniture and equipment	918,947	86,753	32,865	972,835
Total accumulated depreciation	<u>3,581,077</u>	<u>283,313</u>	<u>32,865</u>	<u>3,831,525</u>
Total capital assets being depreciated, net	<u>4,742,562</u>	<u>805,782</u>	<u>-</u>	<u>5,548,344</u>
Governmental activities capital assets, net	<u>\$ 5,709,326</u>	<u>\$ 4,472,623</u>	<u>\$ 974,082</u>	<u>\$ 9,207,867</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 200,079	\$ 1,266	\$ 300	\$ 201,045
Less accumulated depreciation	<u>169,520</u>	<u>7,339</u>	<u>300</u>	<u>176,559</u>
Business-type activities capital assets, net	<u>\$ 30,559</u>	<u>\$ (6,073)</u>	<u>\$ -</u>	<u>\$ 24,486</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:			
Regular			\$ 15,595
Support services:			
Student services			2,758
Administration			1,766
Operation and maintenance of plant services			11,872
Transportation			<u>54,762</u>
			86,753
Unallocated depreciation			<u>196,560</u>
Total governmental activities depreciation expense			<u>\$ 283,313</u>

Business-type activities:

Food service operations			<u>\$ 7,339</u>
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CARLISLE COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2005

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2005 is as follows:

	Early Retirement	General Obligation Bonds	Local Option Sales and Services Tax Revenue Bonds	Real Estate Contract	Compensated Absences	Total
Balance beginning of year	\$ 759,568	\$ 1,090,000	\$ -	\$ 153,000	\$ 12,955	\$ 2,015,523
Additions	303,531	-	3,100,000	-	15,489	3,419,020
Reductions	113,361	415,000	-	153,000	12,955	694,316
Balance end of year	<u>\$ 949,738</u>	<u>\$ 675,000</u>	<u>\$ 3,100,000</u>	<u>\$ -</u>	<u>\$ 15,489</u>	<u>\$ 4,740,227</u>
Due within one year	<u>\$ 157,715</u>	<u>\$ 425,000</u>	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ 15,489</u>	<u>\$ 878,204</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified and administrative employees. Eligible employees must be in good standing with the District and at least age fifty-five. Certified employees must have completed fifteen years of service in the education field, with the last ten years in continuous service to the District. Administrative employees must have completed fifteen years of service in the education field, with the last six in continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The application must be submitted on or before January 5 of the calendar year the employee wishes to retire. The early retirement incentive for each eligible employee is equal to 50% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. Employees may also continue participation in the District health insurance plan until age 65 or eligible for Medicare with the District paying the premium at the single policy rate for certified employees, at a rate not to exceed the premium amount paid at the date of early retirement; and at family policy rates for administrative employees, with no cap on the premium paid. Early retirement benefits paid during the year ended June 30, 2005, totaled \$113,361. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Bonds Payable

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Refunding Bond Issue of November 1, 2002		
	Principal	Interest	Total
2006	\$ 425,000	\$ 13,703	\$ 438,703
2007	250,000	3,063	253,063
	<u>\$ 675,000</u>	<u>\$ 16,766</u>	<u>\$ 691,766</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

During the year ended June 30, 2005, the District issued \$3,100,000 in School Infrastructure Local Option Sales and Services Tax Revenue Bonds, with interest rates ranging from 2.0% to 4.2%. The bonds are payable over 10 years solely from the District's local option sales and services tax revenues.

Details of the District's June 30, 2005 revenue bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 280,000	\$ 95,665	\$ 375,665
2007	385,000	88,245	473,245
2008	390,000	78,263	468,263
2009	400,000	66,900	466,900
2010	415,000	54,052	469,052
2011	425,000	39,768	464,768
2012	230,000	27,960	257,960
2013	185,000	19,890	204,890
2014	190,000	12,295	202,295
2015	200,000	4,200	204,200
	<u>\$ 3,100,000</u>	<u>\$ 487,238</u>	<u>\$ 3,587,238</u>

Note 7. Pension and Retirement Benefits

The District 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.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$336,680, \$319,211, and \$302,687 respectively, equal to the required contributions for each year.

Note 8. Risk Management

Carlisle Community School District 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 District 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.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$399,159 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Construction Commitments

The District entered into contracts totaling \$2,808,792 for various projects, including change orders. In addition, the District had carryover projects totaling \$740,606 from the prior year, including change orders. At June 30, 2005, \$3,164,112 of the contracts were completed and paid, \$169,568 was recorded in accounts payable, and the remaining amounts of the contracts will be paid as work on the projects progresses.

Note 11. Financial Condition

The Capital Projects Fund had an unreserved, undesignated deficit balance of \$247,627 at June 30, 2005.

Required Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –  
 Budget and Actual (Cash Basis) – All Governmental Funds  
 and Proprietary Fund  
 Required Supplementary Information  
 Year Ended June 30, 2005

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>RECEIPTS:</b>						
Local sources	\$ 4,723,114	\$ 344,324	\$ 5,067,438	\$ 4,948,540	\$ 4,948,540	\$ 118,898
Intermediate sources	-	-	-	5,000	5,000	(5,000)
State sources	6,548,120	7,202	6,555,322	6,474,646	6,474,646	80,676
Federal sources	207,770	158,870	366,640	193,000	193,000	173,640
<b>Total receipts</b>	<b>11,479,004</b>	<b>510,396</b>	<b>11,989,400</b>	<b>11,621,186</b>	<b>11,621,186</b>	<b>368,214</b>
<b>DISBURSEMENTS:</b>						
Instruction	6,569,616	-	6,569,616	6,390,768	6,907,170	337,554
Support services	3,125,526	-	3,125,526	2,982,453	3,140,453	14,927
Non-instructional programs	-	691,852	691,852	696,180	802,000	110,148
Other expenditures	4,724,576	-	4,724,576	4,968,704	5,545,365	820,789
<b>Total disbursements</b>	<b>14,419,718</b>	<b>691,852</b>	<b>15,111,570</b>	<b>15,038,105</b>	<b>16,394,988</b>	<b>1,283,418</b>
Excess (deficiency) of receipts over (under) disbursements	(2,940,714)	(181,456)	(3,122,170)	(3,416,919)	(4,773,802)	1,651,632
Other financing sources, net	3,037,984	-	3,037,984	2,890,820	2,890,820	147,164
Excess (deficiency) of receipts and other financing sources over (under) disbursements	97,270	(181,456)	(84,186)	(526,099)	(1,882,982)	1,798,796
Balance beginning of year	3,636,960	123,517	3,760,477	2,712,252	2,712,252	1,048,225
Balance end of year	\$ <u>3,734,230</u>	\$ <u>(57,939)</u>	\$ <u>3,676,291</u>	\$ <u>2,186,153</u>	\$ <u>829,270</u>	\$ <u>2,847,021</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year Ended June 30, 2005

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjust- ments	Accrual Basis
Revenues	\$ 11,479,004	\$ 203,505	\$ 11,682,509
Expenditures	14,419,718	49,490	14,469,208
Net	(2,940,714)	154,015	(2,786,699)
Other financing sources (uses)	3,037,984	-	3,037,984
Beginning fund balances	3,636,960	(854,770)	2,782,190
Ending fund balances	<u>\$ 3,734,230</u>	<u>\$ (700,755)</u>	<u>\$ 3,033,475</u>
	Proprietary Fund		
	Enterprise		
	Cash	Accrual	Accrual
	Basis	Adjust- ments	Basis
Revenues	\$ 510,396	\$ (8,918)	\$ 501,478
Expenses	691,852	(182,356)	509,496
Net	(181,456)	173,438	(8,018)
Beginning net assets	123,517	20,785	144,302
Ending net assets	<u>\$ (57,939)</u>	<u>\$ 194,223</u>	<u>\$ 136,284</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
June 30, 2005

This budgetary comparison is presented as Required Supplementary Information 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 Board of Education annually adopts a budget following required public notice and hearing for all funds except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$1,356,883.

During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted in any of the four functional areas.

Other Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2005

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
Assets				
Cash and pooled investments	\$ 475,120	\$ 88,062	\$ 372,858	\$ 936,040
Receivables:				
Property tax:				
Current year	3,139	-	4,851	7,990
Succeeding year	188,000	-	349,000	537,000
Accrued interest	5,156	956	449	6,561
Total assets	\$ 671,415	\$ 89,018	\$ 727,158	\$ 1,487,591
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ 4,048	\$ -	\$ 4,048
Salaries and benefits payable	-	1,009	-	1,009
Deferred revenue:				
Succeeding year property tax	188,000	-	349,000	537,000
Total liabilities	188,000	5,057	349,000	542,057
Fund equity:				
Fund balances:				
Reserved for:				
Debt service	-	-	378,158	378,158
Unreserved:				
Undesignated	483,415	83,961	-	567,376
Total fund equity	483,415	83,961	378,158	945,534
Total liabilities and fund equity	\$ 671,415	\$ 89,018	\$ 727,158	\$ 1,487,591

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2005

	Special Revenue		Debt Service	Total
	Management Levy	Student Activity		
Revenues:				
Local sources:				
Local tax	\$ 252,312	\$ -	\$ 391,396	\$ 643,708
Other	9,799	271,411	4,829	286,039
State sources	216	-	334	550
Total revenues	<u>262,327</u>	<u>271,411</u>	<u>396,559</u>	<u>930,297</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	155,129	-	-	155,129
Other instruction	-	253,195	-	253,195
Support services:				
Operation and maintenance of plant services	105,552	-	-	105,552
Other expenditures:				
Long term debt:				
Principal	-	-	71,759	71,759
Interest and fiscal charges	-	-	415,600	415,600
Total expenditures	<u>260,681</u>	<u>253,195</u>	<u>487,359</u>	<u>1,001,235</u>
Excess (deficiency) of revenues over (under) expenditures	1,646	18,216	(90,800)	(70,938)
Other financing sources (uses):				
Interfund transfers in	-	-	428,465	428,465
Excess (deficiency) of revenues over (under) expenditures and other financing uses	1,646	18,216	337,665	357,527
Fund balances beginning of year	<u>481,769</u>	<u>65,745</u>	<u>40,493</u>	<u>588,007</u>
Fund balances end of year	<u>\$ 483,415</u>	<u>\$ 83,961</u>	<u>\$ 378,158</u>	<u>\$ 945,534</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR ENTERPRISE FUNDS

June 30, 2005

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ -	\$ 1,213	\$ 1,213
Receivables:			
Accrued interest	147	-	147
Inventories	189,915	-	189,915
	<u>190,062</u>	<u>1,213</u>	<u>191,275</u>
Liabilities			
Accounts payable	1,225	-	1,225
Due to other funds	91,338	-	91,338
	<u>92,563</u>	<u>-</u>	<u>92,563</u>
Net Assets			
Unrestricted	\$ <u>97,499</u>	\$ <u>1,213</u>	\$ <u>98,712</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

June 30, 2005

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenue:			
Local sources:			
Charges for services	\$ 4,624	\$ 2,938	\$ 7,562
Operating expenses:			
Non-instructional programs:			
Salaries	-	110	110
Benefits	-	15	15
Purchased services	-	1,600	1,600
Supplies	666	-	666
	<u>666</u>	<u>1,725</u>	<u>2,391</u>
Operating income	<u>3,958</u>	<u>1,213</u>	<u>5,171</u>
Non-operating revenues:			
Interest on investments	261	-	261
Change in net assets	4,219	1,213	5,432
Net assets beginning of year	<u>93,280</u>	<u>-</u>	<u>93,280</u>
Net assets end of year	<u>\$ 97,499</u>	<u>\$ 1,213</u>	<u>\$ 98,712</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 June 30, 2005

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 4,624	\$ 2,938	\$ 7,562
Cash payments to employees for services	-	(125)	(125)
Cash payments to suppliers for goods or services	<u>(189,502)</u>	<u>(1,600)</u>	<u>(191,102)</u>
Net cash provided by (used in) operating activities	<u>(184,878)</u>	<u>1,213</u>	<u>(183,665)</u>
Cash flows from non-capital financing activities:			
Increase in due to other funds	<u>91,338</u>	-	<u>91,338</u>
Cash flows from investing activities:			
Interest on investments	<u>458</u>	-	<u>458</u>
Net increase (decrease) in cash and cash equivalents	(93,082)	1,213	(91,869)
Cash and cash equivalents at beginning of year	<u>93,082</u>	-	<u>93,082</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 1,213</u>	<u>\$ 1,213</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 3,958	\$ 1,213	\$ 5,171
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
(Increase) in inventories	(189,915)	-	(189,915)
Increase in accounts payable	<u>1,079</u>	<u>-</u>	<u>1,079</u>
Net cash provided by (used in) operating activities	<u>\$ (184,878)</u>	<u>\$ 1,213</u>	<u>\$ (183,665)</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2005

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Life Touch	\$ 3,259	\$ 3,420	\$ 3,361	\$ 3,318
Landscaping Project	1,453	-	594	859
Books & Buddies	-	500	139	361
FCCLA	1,145	5,890	5,615	1,420
Spanish	1,069	-	-	1,069
Marketing Club	1,653	11,954	9,043	4,564
High School Student Council	4,254	8,625	5,016	7,863
K-6 Book Club	6,780	17,161	16,938	7,003
7-12 Book Club	15	-	-	15
High School Annual	2,577	3,391	2,114	3,854
Color Guard	-	735	620	115
Cheerleading	(586)	20,617	15,941	4,090
Junior High Student Council	3,582	8,677	9,354	2,905
Junior High Yearbook	141	2,160	128	2,173
Elementary Yearbook	1,862	3,721	4,042	1,541
Hartford Store	591	130	-	721
DARE	-	-	-	-
Academic Enrichment	3,464	6,402	5,641	4,225
SADD	654	89	75	668
Elementary Enrichment	1,642	2,675	3,909	408
Middle School Enrichment	4,141	1,459	3,868	1,732
Class of '03	-	-	-	-
Class of '04	43	(43)	-	-
Class of '05	(591)	598	7	-
Class of '06	(250)	2,992	2,384	358
Class of '07	1,191	-	300	891
Class of '08	191	-	-	191
Interest	417	1,774	459	1,732
Act Tickets	-	-	-	-
5-6 Band Concessions	1,178	2,258	1,351	2,085
High School Concessions	187	-	187	-
Drama	-	-	-	-
Speech Club	-	-	-	-
Debate Club	-	-	-	-
High School Chorus	1,599	3,017	733	3,883
Musical Productions	804	2,587	1,867	1,524
7-12 Band	(289)	21,386	19,829	1,268
Jazz Band	-	-	-	-
All Athletics	834	36,226	34,660	2,400
Basketball - Girls	4,681	6,617	8,609	2,689
Basketball - Boys	5,393	9,531	11,203	3,721

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2005

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Soccer - Girls	\$ 219	\$ (269)	\$ (50)	-
Soccer - Boys	444	756	87	1,113
Track - Girls	-	4,686	4,627	59
Track - Boys	1,280	3,070	3,934	416
Cross Country	100	2,642	1,395	1,347
Golf	-	3,640	3,640	-
Weightlifting	112	-	-	112
Football	7,637	9,834	20,059	(2,588)
Baseball	(7,552)	19,863	8,824	3,487
Wrestling	4,962	10,690	14,159	1,493
Volleyball	1,836	7,007	6,379	2,464
Softball	(1,512)	19,775	17,222	1,041
Y-Camp	4,035	5,168	4,932	4,271
Recycling/Flower Habitat	1,100	-	-	1,100
 Total	 \$ <u>65,745</u>	 \$ <u>271,411</u>	 \$ <u>253,195</u>	 \$ <u>83,961</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ <u>263</u>	\$ <u>67,633</u>	\$ <u>67,896</u>	\$ <u>-</u>
Liabilities				
Mid-Iowa School Improvement Consortium payable	\$ <u>263</u>	\$ <u>67,633</u>	\$ <u>67,896</u>	\$ <u>-</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2005	2004	2003	2002
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 4,098,804	\$ 3,468,500	\$ 3,160,824	\$ 2,834,510
Tuition	300,814	275,641	283,627	256,989
Other	547,054	489,364	456,099	601,754
Intermediate sources	-	-	5,085	12,648
State sources	6,538,370	6,088,413	5,655,115	6,402,645
Federal sources	197,467	181,777	150,874	132,032
	<hr/>			
Total revenues	<u>\$ 11,682,509</u>	<u>\$ 10,503,695</u>	<u>\$ 9,711,624</u>	<u>\$ 10,240,578</u>
<b>Expenditures:</b>				
Instruction:				
Regular instruction	\$ 4,534,453	\$ 4,048,753	\$ 3,905,436	\$ 3,440,590
Special instruction	1,373,961	1,524,596	1,230,177	1,288,502
Other instruction	728,986	710,357	619,969	580,686
Support services:				
Student services	373,037	361,748	322,579	314,170
Instructional staff services	378,376	411,663	318,586	483,938
Administration services	1,093,941	954,351	1,053,681	1,045,556
Operation and maintenance of plant services	905,034	784,602	633,099	530,985
Transportation services	406,817	359,090	242,787	270,344
Other expenditures:				
Facilities acquisition	3,788,085	739,320	1,909,027	528,882
Long-term debt:				
Principal	71,759	410,000	265,000	240,000
Interest and fiscal charges	415,600	30,309	86,542	90,830
AEA flowthrough	399,159	380,453	373,920	365,230
	<hr/>			
Total expenditures	<u>\$ 14,469,208</u>	<u>\$ 10,715,242</u>	<u>\$ 10,960,803</u>	<u>\$ 9,179,713</u>

See accompanying independent auditor's report.

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 Board of Education of  
Carlisle Community School District:

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 Carlisle Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated August 12, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carlisle Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no material weaknesses during the course of our audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carlisle Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Carlisle Community School District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carlisle Community School District and other parties to whom Carlisle Community School District 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 Carlisle Community School District 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.

Oskaloosa, Iowa  
August 12, 2005

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Part I: Findings Related to the General Purpose Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

I-A-05 Financial Condition – The Capital Projects Fund had a deficit fund balance of \$247,627 at June 30, 2005.

Recommendation – The District should investigate alternatives to eliminate this deficit balance.

Response – The Capital Projects Fund deficits are caused by timing differences between construction projects and the related revenues. We will investigate alternatives to eliminate this deficit within the next fiscal year.

Conclusion – Response accepted.

I-B-05 Authorized Signatures – We noted that a former Board Member is inappropriately listed as an authorized check signer for one bank account.

Recommendation – The District should update authorized check signers as soon as possible when personnel or Board changes occur. The District should immediately remove the former Board Member from the authorized signatures listing.

Response – We will make this change immediately and will update all approved check signers as required in the future.

Conclusion – Response accepted.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Part II: Other Findings Related to Statutory Reporting:

- II-A-05 Official Depositories – Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.
- II-B-05 Certified Budget – Disbursements for the year ended June 30, 2005, did not exceed the amount budgeted in any of the four functional areas.
- II-C-05 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-D-05 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-E-05 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Wayne Fleishman, Assistant Superintendent	Cabinets	\$ 9,395
Eileene Bailey, Board Member	Floor covering	14,526

The transaction with Assistant Superintendent Fleishman appears to represent a conflict of interest as the project was not competitively bid and exceeds the maximum amount of \$2,500 as provided by Chapter 279.7A of the Code of Iowa. The transaction with Board Member Bailey does not appear to represent a conflict of interest since the transaction was competitively bid as provided by Chapter 279.7A of the Code of Iowa.

Recommendation – The District should consult legal counsel to determine the disposition of this matter.

Response – We will consult our attorney.

Conclusion – Response accepted.

- II-F-05 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-G-05 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Part II: Other Findings Related to Statutory Reporting (continued):

II-H-05 Certified Enrollment – We noted that the basic enrollment data certified to the Department of Education was overstated by two students due to a miscount on a class listing.

Recommendation – The District should contact the Department of Education and the Department of Management to resolve this matter.

Response – We will contact the proper authorities to resolve this error.

Conclusion – Response accepted.

II-I-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-J-05 Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

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