CARLISLE COMMUNITY SCHOOL DISTRICT
CARLISLE, IOWA

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

JUNE 30, 2006

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CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	Title		Term Expires
	Board of Education		
	(Before September 2005 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
	Board of Education		
	(After September 2005 Election)		
Ann Polito	President		2006
Eileene Bailey	Vice President	(Resigned March 1, 2006)	2006
Mark Randleman	Vice President	(Effective March 1, 2006)	2007
Rob Joiner	Board Member	(Appointed March 14, 2006)	2006
John Judisch	Board Member		2007
Michelle Tish	Board Member		2008
	School Officials		
Dr. Tom Lane	Superintendent		2008
Jean Flaws	District Secretary/Treasurer		2006
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, the 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, 2006, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Carlisle Community School District as of June 30, 2006, 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 18, 2006 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 50 through 52 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, 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7 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 18, 2006

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, 2006. 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 $9,679,609 in fiscal year 2005 to $10,481,394 in fiscal year 2006, while General Fund expenditures increased from $9,679,888 in fiscal year 2005 to $10,610,475 in fiscal year 2006. 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. One-half of the principal plus interest totaling $158,000 was paid in fiscal year 2006. The remaining balance will be paid in fiscal year 2007. With these changes in the revenues and expenditures, a minimal change was seen in the General Fund balance. The General Fund balance as of June 30, 2006 was $2,327,569 compared to $2,308,650 at June 30, 2005.

- The increase in General Fund revenues was attributable to an increase in enrollment of 81.2 students in fiscal year 2005 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.

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-1
Carlisle Community School District Annual Financial Report

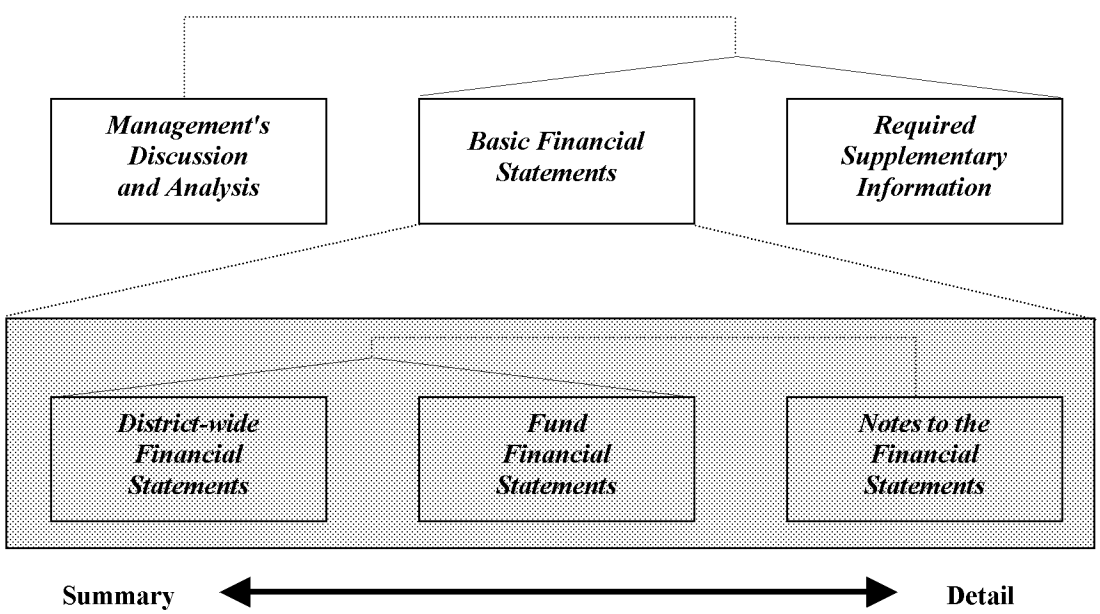

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

Figure A-2
Major Features of the District-Wide and Fund Financial Statements

	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	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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 program 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, 2006.

Figure A-3 Condensed Statement of Net Assets	Governmental Activities		Business-type Activities		Total School District		Total Change
	2006	2005	2006	2005	2006	2005	2005-06
Current and other assets	14,627,606	7,270,060	198,881	146,630	14,826,487	6,934,761	0.99907
Capital assets	11,454,293	9,207,867	20,758	24,486	11,475,051	9,232,353	0.24292
Total assets	26,081,899	16,477,927	219,639	171,116	26,301,538	16,649,043	0.57976
Long-term obligations	12,900,827	4,740,227			12,900,827	4,740,227	1.72156
Other liabilities	4,626,067	4,277,875	45,084	34,832	4,671,151	4,312,707	0.8311
Total liabilities	17,526,894	9,018,102	45,084	34,832	17,571,978	9,052,934	0.94102
Net assets:							
Invested in capital assets, net of related debt	6,214,967	5,432,867	20,758	24,486	6,235,725	5,457,353	0.14263
Restricted	444,552	437,136			444,552	437,136	0.01696
Unrestricted	1,895,486	1,589,822	153,797	111,798	2,049,283	1,701,620	0.20431
Total net assets	8,555,005	7,459,825	174,555	136,284	8,729,560	7,596,109	0.14921

The District's combined net assets were $8,729,560 at June 30, 2006.

Changes in net assets – Figure A-4 shows the changes in net assets for the year ended June 30, 2006. 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 77 percent of the total revenue. The District's expenses primarily relate to instruction and support services which account for 84 percent of the total expenses.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2006	2005	2006	2005	2006	2005	2005-06
Revenues:							
Program revenues:							
Charges for service and sales	742,177	718,011	822,346	334,377	1,564,523	1,052,388	48.7%
Operating grants, contributions and restricted interest	1,136,555	991,826	175,525	166,072	1,312,080	1,157,898	13.3%
Capital grants, contributions and restricted interest							
General revenues:							
Property and other taxes	4,311,059	4,101,618			4,311,059	4,101,618	5.1%
Unrestricted state grants	6,297,554	5,737,210			6,297,554	5,737,210	9.8%
Unrestricted investment earnings	207,784	99,359	1,228	1,029	209,012	47,200	108.2%
Other	27,305	34,485			27,305	34,485	-20.8%
Total revenues	12,722,434	11,682,509	999,099	501,478	13,721,533	12,183,987	12.6%
Program expenses:							
Governmental activities:							
Instruction	7,078,997	6,743,245			7,078,997	6,743,245	5.0%
Support services	3,551,319	3,186,987			3,551,319	3,486,987	11.4%
Non-instructional programs			960,828	509,496	960,828	509,496	88.6%
Other expenses	996,938	746,907			996,938	746,907	33.5%
Total expenses	11,627,254	10,677,139	960,828	509,496	12,588,082	11,186,635	12.5%
Change in net assets	1,095,180	1,005,370	38,271	(8,018)	1,133,451	997,352	13.6%

Governmental Activities

Revenues for governmental activities were $12,722,434 and expenses were $11,627,254.

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	7,078,997	5,698,700
Support services	3,551,319	3,494,293
Other expenses	996,938	555,529
Totals	11,627,254	9,748,522

- The cost financed by users of the District's programs was $742,177.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,136,555.
- The remaining cost of governmental activities was financed with $4,311,059 in property and other taxes, $6,297,554 in state foundation aid, $207,784 in interest income and $27,305 in miscellaneous revenues.

Business-Type Activities

Revenues of the District's business-type activities were $999,099 and expenses were $960,828. 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 $10,158,765.

Governmental Fund Highlights

- The District's financial position remains in good condition. The school board has emphasized they wish to maintain at least a three month reserve as a back up in case of future cuts.

- The General Fund balance decreased from $2,308,650 to 2,327,569 and is 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 $26,918 in fiscal 2005 to $4,479 in fiscal 2006. Revenues in this fund have increased due to a $1 PPEL levy that was passed on October 9, 2001. The special PPEL levy is in effect for five years.

- The Capital Projects Fund is comprised of several projects: Local Option Sales Tax that has been received since July, 2000, renovations to the Football Stadium, remodeling of the High School Gym, completion of a new Early Childhood facility which opened in the Fall of 2005 and a new middle school facility funded through general obligation bonds to be completed by Fall 2007. The fund balance at June 30,2006 was $6,830,674.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from $37,572 at June 30, 2005 to $39,363 at June 30, 2006.

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 $675,776 more than the total budgeted receipts, a variance of 5.3 %.

Total expenditures were less than budgeted by approximately $2,291,376, a variance of 13.2%. 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.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2006, the District had invested $11,475,051 net of accumulated depreciation of $4,359,801, 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 $351,717.

The original cost of the District's capital assets was $15,834,852. Governmental funds account for $ 15,629,938 with the remainder of $ 204,914 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 $3,093,580 of construction in progress to buildings at June 30, 2006 for the Early Childhood Center.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business-type Activities		Total School District	
	2006	2005	2006	2005	2006	2005
Land	831,177	831,177			831,177	831,177
Construction in progress	2,141,530	2,828,346			2,141,530	2,828,346
Buildings	8,096,290	5,238,732			8,096,290	5,238,732
Improvements other than buildings						
Furniture and equipment	385,296	309,612	20,758	24,486	406,054	334,098
Totals	11,454,293	9,207,867	20,758	24,486	11,475,051	9,232,353

Long-Term Liabilities

At June 30, 2006 the District had $12,900,827 in general obligation bonds and other long-term liabilities outstanding. This represents an increase of approximately 172 percent from last year, due to the issuance in the current year of $9,000,000 in General Obligation 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.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	2006	2005	2005-2006
General obligation bonds	9,250,000	675,000	8,575,000
Revenue bonds	2,820,000	3,100,000	(280,000)
Early retirement	827,683	949,738	(122,055)
Compensated absences	3,144	15,489	(12,345)
Totals	12,900,827	4,740,227	8,160,600

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 evaluated the condition of its transportation vehicles and determined that, two used buses would be added to our fleet in FY06 instead of purchasing a new bus. With increasing enrollment, the number and condition of the transportation vehicles is closely monitored.

- Insurance costs always play a big factor in negotiating with the Carlisle Community Education Association (CCEA). Insurance packages will be reviewed again during FY07.

- 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, construction on a new middle school facility began. General Obligation Bonds were sold in December 2005 and April 2006 to pay for this new facility with repayment scheduled through FY 2026.

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, 2006

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	$ 11,210,027	$ 49,535	$ 11,259,562
Receivables:			
Property tax:			
Current year	51,573	-	51,573
Succeeding year	2,887,000	-	2,887,000
Accounts	7,738	253,133	260,871
Interfund receivable (payable) (note 3)	116,179	(116,179)	-
Due from other governments	355,089	-	355,089
Inventories	-	12,392	12,392
Capital assets, net of accumulated depreciation (note 5)	11,454,293	20,758	11,475,051
Total assets	26,081,899	219,639	26,301,538
Liabilities			
Accounts payable	603,784	4,289	608,073
Salaries and benefits payable	966,743	24,842	991,585
Accrued interest payable	168,540	-	168,540
Deferred revenue:			
Succeeding year property tax	2,887,000	-	2,887,000
Other	-	15,953	15,953
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	159,309	-	159,309
Bonds payable	635,000	-	635,000
Compensated absences	3,144	-	3,144
Portion due after one year:			
Early retirement	668,374	-	668,374
Bonds payable	11,435,000	-	11,435,000
Total liabilities	17,526,894	45,084	17,571,978

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	$ 6,214,967	$ 20,758	$ 6,235,725
Restricted for:			
Physical plant and equipment levy	4,479	-	4,479
Other special revenue purposes	114,945	-	114,945
Debt service	325,128	-	325,128
Unrestricted	1,895,486	153,797	2,049,283
Total net assets	$ 8,555,005	$ 174,555	$ 8,729,560

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction:			
Regular instruction	$ 4,834,200	$ 301,551	$ 560,235
Special instruction	1,430,202	85,720	82,422
Other instruction	814,595	330,999	19,370
	7,078,997	718,270	662,027
Support services:			
Student services	415,068	-	4,541
Instructional staff services	381,665	4,688	17,550
Administration services	1,244,386	-	-
Operation and maintenance of plant services	1,012,271	17,851	-
Transportation services	497,929	1,368	11,028
	3,551,319	23,907	33,119
Other expenditures:			
Facilities acquisition	79,071	-	-
Long-term debt interest and fiscal charges	225,398	-	-
AEA flowthrough	441,409	-	441,409
Depreciation (unallocated) *	251,060	-	-
	996,938	-	441,409
Total governmental activities	11,627,254	742,177	1,136,555
Business-Type Activities:			
Non-instructional programs:			
Food service operations	521,808	347,361	175,525
Other programs	439,020	474,985	-
	960,828	822,346	175,525
Total	$ 12,588,082	$ 1,564,523	$ 1,312,080

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (3,972,414)	$ -	$ (3,972,414)
(1,262,060)	-	(1,262,060)
(464,226)	-	(464,226)
(5,698,700)	-	(5,698,700)
(410,527)	-	(410,527)
(359,427)	-	(359,427)
(1,244,386)	-	(1,244,386)
(994,420)	-	(994,420)
(485,533)	-	(485,533)
(3,494,293)	-	(3,494,293)
(79,071)	-	(79,071)
(225,398)	-	(225,398)
-	-	-
(251,060)	-	(251,060)
(555,529)	-	(555,529)
(9,748,522)	-	(9,748,522)
-	1,078	1,078
-	35,965	35,965
-	37,043	37,043
(9,748,522)	37,043	(9,711,479)

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

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		
Governmental Activities	Business-Type Activities	Total
$ 2,765,587	$ -	$ 2,765,587
387,065	-	387,065
246,195	-	246,195
912,212	-	912,212
6,297,554	-	6,297,554
207,784	1,228	209,012
27,305	-	27,305
10,843,702	1,228	10,844,930
1,095,180	38,271	1,133,451
7,459,825	136,284	7,596,109
$ 8,555,005	$ 174,555	$ 8,729,560

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	$ 2,923,904	$ 7,127,986	$ 1,146,823	$ 11,198,713
Receivables:				
Property tax:				
Current year	38,822	-	12,751	51,573
Succeeding year	2,137,000	-	750,000	2,887,000
Interfund receivable (note 3)	274,179	-	-	274,179
Accounts	3,333	-	4,405	7,738
Due from other governments	102,967	252,122	-	355,089
Total assets	$ 5,480,205	$ 7,380,108	$ 1,913,979	$ 14,774,292
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 50,311	$ 549,434	$ 4,039	$ 603,784
Salaries and benefits payable	965,325	-	1,418	966,743
Interfund payable (note 3)	-	-	158,000	158,000
Deferred revenue:				
Succeeding year property tax	2,137,000	-	750,000	2,887,000
Total liabilities	3,152,636	549,434	913,457	4,615,527
Fund balance:				
Reserved for:				
Debt service	-	-	493,668	493,668
Unreserved:				
Reported in nonmajor Special Revenue Funds	-	-	506,854	506,854
Undesignated	2,327,569	6,830,674	-	9,158,243
Total fund balances	2,327,569	6,830,674	1,000,522	10,158,765
Total liabilities and fund balances	$ 5,480,205	$ 7,380,108	$ 1,913,979	$ 14,774,292

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total fund balances of governmental funds	$ 10,158,765
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.	11,454,293
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.	(168,540)
Long-term liabilities, including bonds payable, early retirement and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(12,900,827)
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 governmental assets.	11,314
Net assets of governmental activities	$ 8,555,005

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	$ 2,554,445	$ 912,212	$ 840,164	$ 4,306,821
Tuition	304,523	-	-	304,523
Other	190,510	122,198	365,785	678,493
State sources	7,229,470	-	681	7,230,151
Federal sources	202,446	-	-	202,446
Total revenues	10,481,394	1,034,410	1,206,630	12,722,434
Expenditures:				
Current:				
Instruction:				
Regular instruction	4,763,050	-	166,382	4,929,432
Special instruction	1,430,202	-	-	1,430,202
Other instruction	513,801	-	300,794	814,595
	6,707,053	-	467,176	7,174,229
Support services:				
Student services	417,024	-	-	417,024
Instructional staff services	381,665	-	-	381,665
Administration services	1,267,388	-	-	1,267,388
Operation and maintenance of plant services	870,139	-	142,899	1,013,038
Transportation services	525,797	-	828	526,625
	3,462,013	-	143,727	3,605,740
Other expenditures:				
Facilities acquisition	-	2,439,743	122,264	2,562,007
Long term debt:				
Principal	-	-	705,000	705,000
Interest and fiscal charges	-	-	110,891	110,891
AEA flowthrough	441,409	-	-	441,409
	441,409	2,439,743	938,155	3,819,307
Total expenditures	10,610,475	2,439,743	1,549,058	14,599,276
Deficiency of revenues under expenditures	(129,081)	(1,405,333)	(342,428)	(1,876,842)

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	General	Capital Projects	Nonmajor Governmental Funds	Total
Other financing sources (uses):				
Interfund transfers in	$ 148,000	$ -	$ 516,989	$ 664,989
Interfund transfers out	-	(516,989)	(148,000)	(664,989)
General obligation bonds issued	-	9,000,623	1,509	9,002,132
Total other financing sources (uses)	148,000	8,483,634	370,498	9,002,132
Net change in fund balances	18,919	7,078,301	28,070	7,125,290
Fund balances beginning of year	2,308,650	(247,627)	972,452	3,033,475
Fund balances end of year	$ 2,327,569	$ 6,830,674	$ 1,000,522	$ 10,158,765

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, 2006

Net change in fund balances - total governmental funds		$ 7,125,290
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:		
Expenditures for capital assets	$ 2,590,546	
Depreciation expense	(344,120)	2,246,426
The net gain in the Internal Service Fund represents an overcharge to governmental activities.		703
Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		705,000
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.		(116,639)
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.		136,532
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.		(9,002,132)
Change in net assets of governmental activities		$ 1,095,180

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Enterprise Funds			Internal
	School Nutrition	Non-Major Enterprise	Total	Service Fund
Assets				
Cash and cash equivalents	$ 47,008	$ 2,527	$ 49,535	$ 11,314
Receivables:				
Accounts	-	253,133	253,133	-
Inventories	12,392	-	12,392	-
Capital assets, net of accumulated depreciation (note 5)	20,758	-	20,758	-
Total assets	80,158	255,660	335,818	11,314
Liabilities				
Accounts payable	-	4,289	4,289	-
Salaries and benefits payable	24,842	-	24,842	-
Due to other funds (note 3)	-	116,179	116,179	-
Deferred revenue	15,953	-	15,953	-
Total liabilities	40,795	120,468	161,263	-
Net Assets				
Invested in capital assets, net of related debt	20,758	-	20,758	-
Unrestricted	18,605	135,192	153,797	11,314
Total net assets	$ 39,363	$ 135,192	$ 174,555	$ 11,314

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Enterprise Funds			Internal
	School Nutrition	Non-Major Enterprise	Total	Service Fund
Operating revenues:				
Local sources:				
Charges for services	$ 347,361	$ 474,985	$ 822,346	$ 19,370
Operating expenses:				
Non-instructional programs:				
Food service operations:				
Salaries	173,496	-	173,496	-
Benefits	58,183	-	58,183	18,667
Purchased services	9,592	16,676	26,268	-
Supplies	272,467	420,429	692,896	-
Depreciation	7,597	-	7,597	-
Other	473	1,915	2,388	-
	521,808	439,020	960,828	18,667
Operating income (loss)	(174,447)	35,965	(138,482)	703
Non-operating revenues:				
Interest on investments	713	515	1,228	-
State sources	7,263	-	7,263	-
Federal sources	168,262	-	168,262	-
Total non-operating revenues	176,238	515	176,753	-
Change in net assets	1,791	36,480	38,271	703
Net assets beginning of year	37,572	98,712	136,284	10,611
Net assets end of year	$ 39,363	$ 135,192	$ 174,555	$ 11,314

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Enterprise Funds			Internal
	School Nutrition	Non-Major Enterprise	Total	Service Fund
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	$ 348,193	$ -	$ 348,193	$ -
Cash received from miscellaneous operating activities	6,163	221,852	228,015	19,370
Cash payments to employees for services	(231,486)	-	(231,486)	(18,667)
Cash payments to suppliers for goods or services	(256,456)	(246,041)	(502,497)	-
Net cash provided by (used in) operating activities	(133,586)	(24,189)	(157,775)	703
Cash flows from non-capital financing activities:				
State grants received	7,263	-	7,263	-
Federal grants received	143,952	-	143,952	-
Increase in due to other funds	-	24,841	24,841	-
Net cash provided by non-capital financing activities	151,215	24,841	176,056	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(3,869)	-	(3,869)	-
Cash flows from investing activities:				
Interest on investments	1,062	662	1,724	-
Net increase in cash and cash equivalents	14,822	1,314	16,136	703
Cash and cash equivalents beginning of year	32,186	1,213	33,399	10,611
Cash and cash equivalents end of year	$ 47,008	$ 2,527	$ 49,535	$ 11,314

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Enterprise Funds			Internal
	School Nutrition	Non-Major Enterprise	Total	Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (174,447)	$ 35,965	$ (138,482)	$ 703
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	7,597	-	7,597	-
Commodities used	24,310	-	24,310	-
(Increase) in accounts receivable	-	(253,133)	(253,133)	-
Decrease in inventories	1,766	189,915	191,681	-
Increase in accounts payable	-	3,064	3,064	-
Increase in accounts payable			0	
Increase in deferred revenues	6,995	-	6,995	-
Net cash provided by (used in) operating activities	$ (133,586)	$ (24,189)	$ (157,775)	$ 703

Non-cash investing, capital and financing activities:
During the year ended June 30, 2006, the District received $24,310 of federal commodities.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006

	Private Purpose Trust
	Scholarship
Assets:	
Cash and pooled investments	$ 22,660
Liabilities:	
None	-
Net assets:	
Reserved for scholarships	$ 22,660

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2006

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	$ 1,000
Interest	369
Total additions	1,369
Deductions:	
Support services:	
Scholarships awarded	758
Change in net assets	611
Net assets beginning of year	22,049
Net assets end of year	$ 22,660

See notes to financial statements.

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 Warren and Polk 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 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.

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 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 general 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 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.

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.

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. 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 in April 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, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.

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.

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 the succeeding year property tax receivable 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.

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 for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. 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, 2006, disbursements in the support services function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

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.

Note 2. Cash and Pooled Investments (continued)

At June 30, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	$ 7,486,275

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Due From and Due To Other Funds

The detail of interfund receivables and payables at June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Physical Plant and Equipment Levy	$ 158,000
General	Enterprise: Building and Trades	116,179
Total		$ 274,179

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, 2006 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Physical Plant and Equipment Levy	$ 148,000
Debt Service	Capital Projects	516,989
Total		$ 664,989

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

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2006 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	2,828,346	2,406,764	3,093,580	2,141,530
Total capital assets not being depreciated	3,659,523	2,406,764	3,093,580	2,972,707
Capital assets being depreciated:				
Buildings	8,097,422	3,108,618	-	11,206,040
Furniture and equipment	1,282,447	168,744	-	1,451,191
Total capital assets being depreciated	9,379,869	3,277,362	-	12,657,231
Less accumulated depreciation for:				
Buildings	2,858,690	251,060	-	3,109,750
Furniture and equipment	972,835	93,060	-	1,065,895
Total accumulated depreciation	3,831,525	344,120	-	4,175,645
Total capital assets being depreciated, net	5,548,344	2,933,242	-	8,481,586
Governmental activities capital assets, net	$ 9,207,867	$ 5,340,006	$ 3,093,580	$ 11,454,293

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	$ 201,045	$ 3,869	$ -	$ 204,914
Less accumulated depreciation	176,559	7,597	-	184,156
Business-type activities capital assets, net	$ 24,486	$ (3,728)	$ -	$ 20,758

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

Governmental activities:	
Instruction:	
Regular	$ 12,991
Support services:	
Student services	3,519
Administration	3,878
Operation and maintenance of plant services	14,340
Transportation	58,332
	93,060
Unallocated depreciation	251,060
Total governmental activities depreciation expense	$ 344,120
Business-type activities:	
Food service operations	$ 7,597

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	Early Retirement	General Obligation Bonds	Local Option Sales and Services Tax Revenue Bonds	Compensated Absences	Total
Balance beginning of year	$ 949,738	$ 675,000	$ 3,100,000	$ 15,489	$ 4,740,227
Additions	178,425	9,000,000	-	3,144	9,181,569
Reductions	300,480	425,000	280,000	15,489	1,020,969
Balance end of year	$ 827,683	$ 9,250,000	$ 2,820,000	$ 3,144	$ 12,900,827
Due within one year	$ 159,309	$ 250,000	$ 385,000	$ 3,144	$ 797,453

Note 6. Long-Term Liabilities (continued)

Early Retirement

The District offered a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of service in the education field, with the last ten years in continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

For applications approved prior to December 13, 2005, 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, and continued participation in the District's health insurance plan until age 65, or until eligible for Medicare, at the single policy rate in effect at the date of retirement, including medical and dental. For applications approved on December 13, 2005 or later, the early retirement incentive for each eligible employee is continued participation in the District's health insurance plan, with the maximum District contribution capped at $388 per month for medical insurance only. The District will not continue to pay for disability, dental, life or any other coverage for early retirees approved after December 13, 2005. Details on early retirement plans and benefits provided to employees prior to July 1, 2005 are available upon request of District management. The District will begin paying early retirement benefits in July following the start of retirement.

At June 30, 2006, the District has obligations to 27 participants with a total liability of $827,683. Actual early retirement expenditures for the year ended June 30, 2006 totaled $300,480. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Bonds Payable

During the year ended June 30, 2006, the District issued $4,500,00 of General Obligation Bonds dated January 1, 2006, with interest rates ranging from 3.75% to 4.75%. The District also issued $4,500,000 of General Obligation Bonds dated May 1, 2006, with interest rates ranging from 3.75% to 5.00%. The issue dated January 1, 2006 is payable over 19 years and the issue dated May 1, 2006 is payable over 20 years.

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Refunding bond issue dated November 1, 2002		Bond issue dated January 1, 2006		Bond issue dated May 1, 2006		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	$ 250,000	$ 3,063	$ -	$ 241,450	$ -	$ 183,255	$ 250,000	$ 427,768
2008	-	-	100,000	181,087	30,000	183,255	130,000	364,342
2009	-	-	180,000	177,088	155,000	182,130	335,000	359,218
2010	-	-	185,000	169,887	165,000	176,318	350,000	346,205
2011	-	-	195,000	162,673	170,000	170,130	365,000	332,803
2012	-	-	205,000	155,067	175,000	163,755	380,000	318,822
2013	-	-	215,000	147,072	185,000	157,192	400,000	304,264
2014	-	-	225,000	138,688	190,000	150,255	415,000	288,943
2015	-	-	235,000	128,000	200,000	142,180	435,000	270,180
2016	-	-	245,000	116,838	210,000	132,180	455,000	249,018
2017	-	-	255,000	107,650	220,000	121,680	475,000	229,330
2018	-	-	265,000	97,960	225,000	113,320	490,000	211,280
2019	-	-	275,000	87,757	240,000	104,658	515,000	192,415
2020	-	-	285,000	77,033	250,000	95,418	535,000	172,451
2021	-	-	300,000	65,775	255,000	85,667	555,000	151,442
2022	-	-	315,000	53,925	265,000	75,468	580,000	129,393
2023	-	-	325,000	41,325	280,000	64,867	605,000	106,192
2024	-	-	340,000	28,325	290,000	53,527	630,000	81,852
2025	-	-	355,000	14,555	305,000	41,638	660,000	56,193
2026	-	-	-	-	690,000	28,980	690,000	28,980
	$ 250,000	$ 3,063	$ 4,500,000	$ 2,192,155	$ 4,500,000	$ 2,425,873	$ 9,250,000	$ 4,621,091

Note 6. Long-Term Liabilities (continued)

Local Option Sales and Services Tax Revenue Bonds

Details of the District's June 30, 2006 revenue bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
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
	$ 2,820,000	$ 391,573	$ 3,211,573

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, 2006, 2005, and 2004 were $373,069, $336,680, and $319,211 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.

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 $441,409 for the year ended June 30, 2006 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 various contracts totaling $10,086,733, including change orders, for a new middle school and various other projects. As of June 30, 2006, costs of $1,424,672 had been incurred against the contracts. The balance of $8,662,061 remaining at June 30, 2006 will be paid as work on the project progresses.

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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, 2006

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
RECEIPTS:						
Local sources	$ 5,309,472	$ 602,242	$ 5,911,714	$ 5,552,086	$ 5,552,086	$ 359,628
Intermediate sources	-	-	-	5,000	5,000	(5,000)
State sources	7,259,346	7,263	7,266,609	7,081,530	7,081,530	185,079
Federal sources	220,117	143,952	364,069	228,000	228,000	136,069
Total receipts	12,788,935	753,457	13,542,392	12,866,616	12,866,616	675,776
DISBURSEMENTS:						
Instruction	7,200,162	-	7,200,162	6,790,889	7,301,552	101,390
Support services	3,583,952	-	3,583,952	3,379,343	3,576,572	(7,380)
Non-instructional programs	-	762,162	762,162	762,000	883,500	121,338
Other expenditures	3,426,291	-	3,426,291	3,502,319	5,502,319	2,076,028
Total disbursements	14,210,405	762,162	14,972,567	14,434,551	17,263,943	2,291,376
Deficiency of receipts under disbursements	(1,421,470)	(8,705)	(1,430,175)	(1,567,935)	(4,397,327)	2,967,152
Other financing sources, net	9,002,132	-	9,002,132	9,000,000	9,000,000	2,132
Excess (deficiency) of receipts and other financing sources over (under) disbursements	7,580,662	(8,705)	7,571,957	7,432,065	4,602,673	2,969,284
Balance beginning of year	3,734,230	(57,939)	3,676,291	2,236,518	2,236,518	1,439,773
Balance end of year	$ 11,314,892	$ (66,644)	$ 11,248,248	$ 9,668,583	$ 6,839,191	$ 4,409,057

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information
Year Ended June 30, 2006

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 12,788,935	$ (66,501)	$ 12,722,434
Expenditures	14,210,405	388,871	14,599,276
Net	(1,421,470)	(455,372)	(1,876,842)
Other financing sources (uses)	9,002,132	-	9,002,132
Beginning fund balances	3,734,230	(700,755)	3,033,475
Ending fund balances	$ 11,314,892	$ (1,156,127)	$ 10,158,765

	Proprietary Fund		
	Enterprise		
	Cash Basis	Accrual Adjust-ments	Accrual Basis
Revenues	$ 753,457	$ 245,642	$ 999,099
Expenses	762,162	198,666	960,828
Net	(8,705)	46,976	38,271
Beginning net assets	(57,939)	194,223	136,284
Ending net assets	$ (66,644)	$ 241,199	$ 174,555

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2006

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 internal service and private-purpose trust 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 $2,829,392.

During the year ended June 30, 2006, disbursements in the support services function exceeded the amount budgeted.

Other Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Assets					
Cash and pooled investments	$ 384,270	$ 111,997	$ 162,745	$ 487,811	$ 1,146,823
Receivables:					
Property tax:					
Current year	3,160	-	3,734	5,857	12,751
Succeeding year	104,000	-	223,000	423,000	750,000
Accounts	-	4,405	-	-	4,405
Total assets	$ 491,430	$ 116,402	$ 389,479	$ 916,668	$ 1,913,979
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	$ -	$ 39	$ 4,000	$ -	$ 4,039
Salaries and benefits payable	-	1,418	-	-	1,418
Interfund payable	-	-	158,000	-	158,000
Deferred revenue:					
Succeeding year property tax	104,000	-	223,000	423,000	750,000
Total liabilities	104,000	1,457	385,000	423,000	913,457
Fund equity:					
Fund balances:					
Reserved for:					
Debt service	-	-	-	493,668	493,668
Unreserved:					
Undesignated	387,430	114,945	4,479	-	506,854
Total fund equity	387,430	114,945	4,479	493,668	1,000,522
Total liabilities and fund equity	$ 491,430	$ 116,402	$ 389,479	$ 916,668	$ 1,913,979

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, 2006

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Revenues:					
Local sources:					
Local tax	$ 207,954	$ -	$ 246,942	$ 385,268	$ 840,164
Other	6,001	331,778	684	27,322	365,785
State sources	169	-	199	313	681
Total revenues	214,124	331,778	247,825	412,903	1,206,630
Expenditures:					
Current:					
Instruction:					
Regular instruction	166,382	-	-	-	166,382
Other instruction	-	300,794	-	-	300,794
Support services:					
Operation and maintenance of plant services	142,899	-	-	-	142,899
Transportation services	828	-	-	-	828
Other expenditures:					
Facilities acquisition	-	-	122,264	-	122,264
Long term debt:					
Principal	-	-	-	705,000	705,000
Interest and fiscal charges	-	-	-	110,891	110,891
Total expenditures	310,109	300,794	122,264	815,891	1,549,058
Excess (deficiency) of revenues over (under) expenditures	(95,985)	30,984	125,561	(402,988)	(342,428)
Other financing sources (uses):					
Interfund transfers in	-	-	-	516,989	516,989
Interfund transfers out	-	-	(148,000)	-	(148,000)
General obligation bonds issued	-	-	-	1,509	1,509
Total other financing sources (uses)	-	-	(148,000)	518,498	370,498

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Excess (deficiency) of revenues over (under) expenditures and other financing uses	$ (95,985)	$ 30,984	$ (22,439)	$ 115,510	$ 28,070
Fund balances beginning of year	483,415	83,961	26,918	378,158	972,452
Fund balances end of year	$ 387,430	$ 114,945	$ 4,479	$ 493,668	$ 1,000,522

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR ENTERPRISE FUNDS
June 30, 2006

	Building and Trades	Adult Education	Total
Assets			
Cash and pooled investments	$ -	$ 2,527	$ 2,527
Receivables:			
Accounts	253,133	-	253,133
	253,133	2,527	255,660
Liabilities			
Accounts payable	4,289	-	4,289
Due to other funds	116,179	-	116,179
	120,468	-	120,468
Net Assets			
Unrestricted	$ 132,665	$ 2,527	$ 135,192

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, 2006

	Building and Trades	Adult Education	Total
Operating revenue:			
Local sources:			
Charges for services	$ 472,072	$ 2,913	$ 474,985
Operating expenses:			
Non-instructional programs:			
Purchased services	15,049	1,627	16,676
Supplies	420,429	-	420,429
Other	1,915	-	1,915
	437,393	1,627	439,020
Operating income	34,679	1,286	35,965
Non-operating revenues:			
Interest on investments	487	28	515
Change in net assets	35,166	1,314	36,480
Net assets beginning of year	97,499	1,213	98,712
Net assets end of year	$ 132,665	$ 2,527	$ 135,192

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
June 30, 2006

	Building and Trades	Adult Education	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	$ 218,939	$ 2,913	$ 221,852
Cash payments to suppliers for goods or services	(244,414)	(1,627)	(246,041)
Net cash provided by (used in) operating activities	(25,475)	1,286	(24,189)
Cash flows from non-capital financing activities:			
Increase in due to other funds	24,841	-	24,841
Cash flows from investing activities:			
Interest on investments	634	28	662
Net increase in cash and cash equivalents	-	1,314	1,314
Cash and cash equivalents at beginning of year	-	1,213	1,213
Cash and cash equivalents at end of year	$ -	$ 2,527	$ 2,527
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	$ 34,679	$ 1,286	$ 35,965
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
(Increase) in accounts receivable	(253,133)	-	(253,133)
Decrease in inventories	189,915	-	189,915
Increase in accounts payable	3,064	-	3,064
Net cash provided by (used in) operating activities	$ (25,475)	$ 1,286	$ (24,189)

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2006

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Life Touch	$ 3,318	$ 25	$ 3,016	$ 327
Landscaping Project	859	-	633	226
Books & Buddies	361	-	133	228
FCCLA	1,420	20,584	16,797	5,207
Spanish	1,069	-	-	1,069
Marketing Club	4,564	-	-	4,564
High School Student Council	7,863	10,230	6,609	11,484
K-6 Book Club	7,003	15,611	21,272	1,342
7-12 Book Club	15	-	-	15
High School Annual	3,854	7,168	3,877	7,145
Color Guard	115	2,184	2,554	(255)
Cheerleading	4,090	20,906	20,056	4,940
Junior High Student Council	2,905	12,176	10,496	4,585
Junior High Yearbook	2,173	3,095	4,764	504
Elementary Yearbook	1,541	4,154	4,902	793
Hartford Store	721	100	46	775
DARE	-	-	-	-
Academic Enrichment	4,225	3,917	2,382	5,760
SADD	668	1,055	1,020	703
Elementary Enrichment	408	5,648	5,352	704
Middle School Enrichment	1,732	7,720	3,404	6,048
Class of '03	-	-	-	-
Class of '04	-	-	-	-
Class of '05	-	-	-	-
Class of '06	358	216	574	-
Class of '07	891	3,298	3,964	225
Class of '08	191	-	1,375	(1,184)
Interest	1,732	1,852	1,040	2,544
Act Tickets	-	-	-	-
5-6 Band Concessions	2,085	948	2,022	1,011
High School Concessions	-	-	-	-
Drama	-	1,526	747	779
Speech Club	-	-	-	-
Debate Club	-	-	-	-
High School Chorus	3,883	3,315	676	6,522
Musical Productions	1,524	1,324	1,176	1,672
7-12 Band	1,268	30,230	27,349	4,149
Jazz Band	-	-	-	-
All Athletics	2,400	58,053	55,760	4,693
Basketball - Girls	2,689	6,487	6,639	2,537
Basketball - Boys	3,721	10,433	9,266	4,888

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2006

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Soccer - Girls	$ -	$ -	$ -	$ -
Soccer - Boys	1,113	640	218	1,535
Track - Girls	59	6,069	4,227	1,901
Track - Boys	416	11,263	11,861	(182)
Cross Country	1,347	1,987	1,460	1,874
Weightlifting	112	-	64	48
Football	(2,588)	24,887	16,855	5,444
Baseball	3,487	14,239	13,837	3,889
Wrestling	1,493	5,475	4,407	2,561
Volleyball	2,464	5,346	5,742	2,068
Softball	1,041	19,869	17,740	3,170
Y-Camp	4,271	4,412	4,407	4,276
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	-	2,050	539	1,511
Golf - Girls	-	3,286	1,536	1,750
Total	$ 83,961	$ 331,778	$ 300,794	$ 114,945

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,			
	2006	2005	2004	2003
Revenues:				
Local sources:				
Local tax	$ 4,306,821	$ 4,098,804	$ 3,468,500	$ 3,160,824
Tuition	304,523	300,814	275,641	283,627
Other	678,493	547,054	489,364	456,099
Intermediate sources	-	-	-	5,085
State sources	7,230,151	6,538,370	6,088,413	5,655,115
Federal sources	202,446	197,467	181,777	150,874
Total revenues	$ 12,722,434	$ 11,682,509	$ 10,503,695	$ 9,711,624
Expenditures:				
Instruction:				
Regular instruction	$ 4,929,432	$ 4,534,453	$ 4,048,753	$ 3,905,436
Special instruction	1,430,202	1,373,961	1,524,596	1,230,177
Other instruction	814,595	728,986	710,357	619,969
Support services:				
Student services	417,024	373,037	361,748	322,579
Instructional staff services	381,665	378,376	411,663	318,586
Administration services	1,267,388	1,093,941	954,351	1,053,681
Operation and maintenance of plant services	1,013,038	905,034	784,602	633,099
Transportation services	526,625	406,817	359,090	242,787
Other expenditures:				
Facilities acquisition	2,562,007	3,788,085	739,320	1,909,027
Long-term debt:				265,000
Principal	705,000	71,759	410,000	86,542
Interest and fiscal charges	110,891	415,600	30,309	373,920
AEA flowthrough	441,409	399,159	380,453	
Total expenditures	$ 14,599,276	$ 14,469,208	$ 10,715,242	$ 10,960,803

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, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated August 18, 2006. 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 grant agreements, 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, 2006 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 18, 2006

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2006

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

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

I-A-06 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.

I-B-06 Student Activity Deposit – We noted in testing a deposit for an activity in the Special Revenue Fund, Student Activity, that the number of participants in the activity was not reconciled to the total receipt and deposit.

Recommendation – The District should develop guidelines for all activities to reconcile the number of participants and cost to each participant to the total receipt and deposit.

Response – We will look into this situation and develop a proper reconciliation process.

Conclusion – Response accepted.

I-C-06 Capital Asset Reconciliation – Proprietary Fund – We noted in our testing of capital assets related to the Proprietary Fund, School Nutrition that the District did not reconcile the current year capital assets to the prior year.

Recommendation – The District should update the capital asset listing for the School Nutrition Fund at year end to insure accurate depreciation calculations. All amounts should be "rolled forward" from the prior year and reconciled to the current year totals.

Response – This was an oversight this year. We will reconcile all capital asset listings and depreciation calculations in the future.

Conclusion – Response accepted.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2006

Part II: Other Findings Related to Statutory Reporting:

II-A-06 Certified Budget – Disbursements for the year ended June 30, 2006, exceeded the amount budgeted in the support services function.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend our budget before disbursements exceed the budget.

Conclusion – Response accepted.

II-B-06 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-C-06 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-D-06 Business Transactions – We noted no business transactions between the District and District officials or employees.

II-E-06 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-F-06 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-06 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-06 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-I-06 Student Lunch Accounts – We noted in our review of the balances of individual student food service accounts that some individuals have deficit balances as high as $150.

Recommendation – The District should adopt guidelines on the allowance of deficit account balances and set limits for individuals and families. Programs are available for families having financial difficulties. The District should pursue legal recourse to resolve this situation.

Response – We will look into this problem and adopt and enforce proper guidelines.

Conclusion – Response accepted.

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

II-J-06 Public Bidding Requirements – We noted in our testing of construction contracts that one contract was awarded through the bidding process but that the process excluded bid securities as required by Chapter 73A.18 of the Code of Iowa.

Recommendation – The District should contact legal council to resolve this situation. All future project bidding should include a requirement for inclusion of the proper bid securities.

Response – We have consulted legal council regarding this situation and feel no further action is needed. The purpose of the bid security is to insure that the firm awarded the contract actually accepts the contract. The firm with the low bid accepted the contract and has begun work on the project. Therefore, we feel that no further action is required.

Conclusion – Response acknowledged. In future, all applicable contract bidding should include the proper bid securities.