

CARLISLE COMMUNITY SCHOOL DISTRICT
CARLISLE, IOWA

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

JUNE 30, 2007

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CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2006 Election)		
Ann Polito	President	2006
Mark Randleman	Vice President	2007
Rob Joiner	Board Member	2006
John Judisch	Board Member	2007
Michelle Tish	Board Member	2008
<u>Board of Education</u>		
(After September 2006 Election)		
Ann Polito	President	2009
John Judisch	Vice President	2007
Mark Randleman	Board Member	2007
Michelle Tish	Board Member	2008
Rob Joiner	Board Member	2009
<u>School Officials</u>		
Dr. Tom Lane	Superintendent	2010
Jean Flaws	District Secretary/Treasurer	2007
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, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 the 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 at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2007 on our consideration of Carlisle Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 7 through 17 and 52 through 53 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, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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
September 19, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2007. 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 \$10,481,394 in fiscal year 2006 to \$11,642,350 in fiscal year 2007, while General Fund expenditures increased from \$10,610,475 in fiscal year 2006 to \$11,581,271 in fiscal year 2007. 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. The remaining principal plus interest totaling \$164,320 was transferred back to the Physical Plant and Equipment Levy fund in fiscal year 2007. The General Fund balance as of June 30, 2007 was \$2,552,968 compared to \$2,327,569 at June 30, 2006.
- The increase in General Fund revenues was attributable to an increase in enrollment of 118 students in fiscal year 2006 and an increase in property valuations. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits expenditures, additional staff 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.

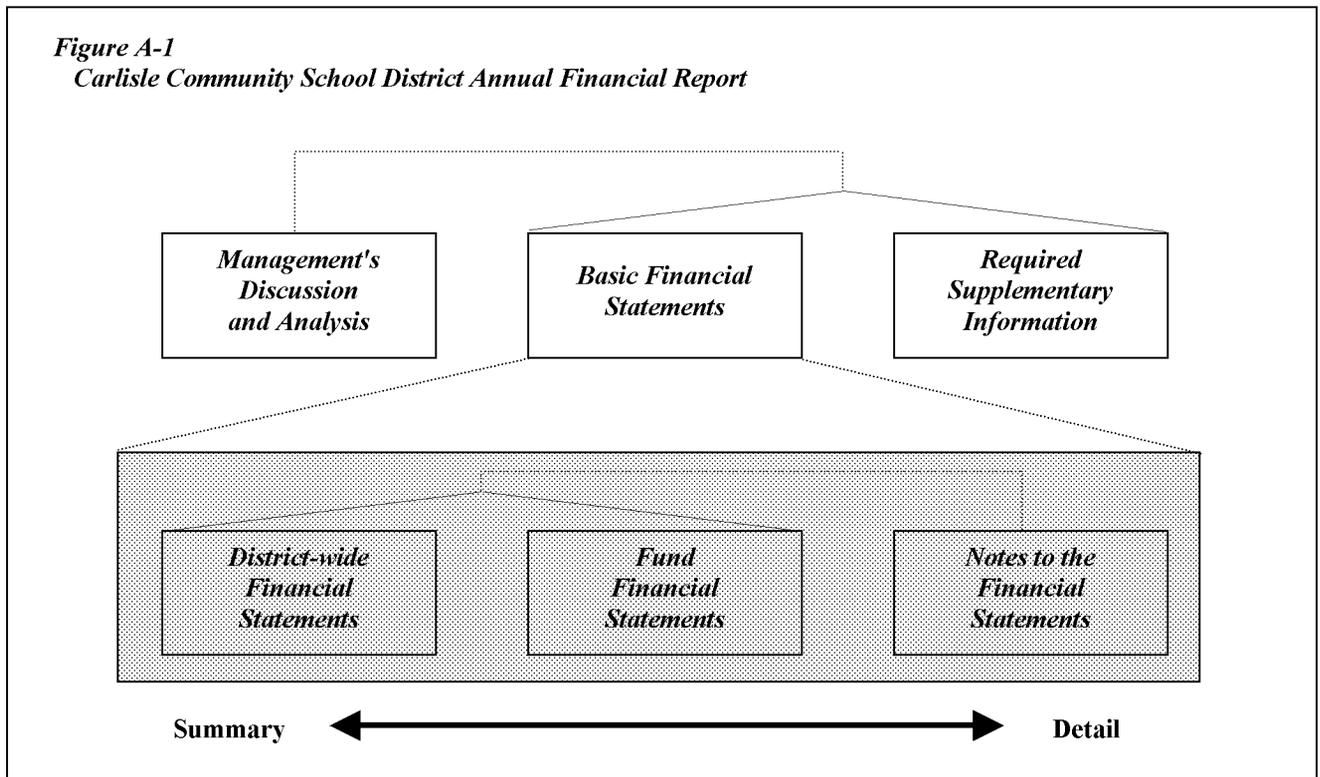


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents 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	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • 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 four 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, 2007.

Figure A-3 Condensed Statement of Net Assets	Governmental		Business-type		Total		Total
	Activities		Activities		School District		% Change
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	9,184,516	14,627,606	216,717	198,881	9,401,233	14,826,487	-36.59
Capital assets	18,743,057	11,454,293	16,693	20,758	18,759,750	11,475,051	63.48
Total assets	27,927,573	26,081,899	233,410	219,639	28,160,983	26,301,538	7.07
Long-term obligations	12,559,438	12,900,827			12,559,438	12,900,827	-2.65
Other liabilities	5,171,295	4,626,067	49,168	45,084	5,220,463	4,671,151	11.76
Total liabilities	17,730,733	17,526,894	49,168	45,084	17,779,901	17,571,978	1.18
Net assets:							
Invested in capital assets,							
net of related debt	7,568,381	6,214,967	16,693	20,758	7,585,074	6,235,725	21.64
Restricted	978,496	444,552			978,496	444,552	120.11
Unrestricted	1,649,962	1,895,486	167,549	153,797	1,817,511	2,049,283	-11.31
Total net assets	10,196,839	8,555,005	184,242	174,555	10,381,081	8,729,560	18.92

The District's combined net assets were \$10,381,081 at June 30, 2007.

Changes in net assets – Figure A-4 shows the changes in net assets for the year ended June 30, 2007. 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 75 percent of the total revenue. The District's expenses primarily relate to instruction and support services which account for 85 percent of the total expenses.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for service and sales	797,670	742,177	667,090	822,346	1,464,760	1,564,523	-6.4%
Operating grants, contributions and restricted interest	1,342,725	1,136,555	196,324	175,525	1,539,049	1,312,080	17.3%
Capital grants, contributions and restricted interest	547,535				547,535		
General revenues:							
Property and other taxes	4,524,612	4,311,059			4,524,612	4,311,059	5.0%
Unrestricted state grants	7,235,028	6,297,554			7,235,028	6,297,554	14.9%
Unrestricted investment earnings	340,487	207,784	995	1,228	341,482	209,012	63.4%
Other	79,411	27,305			79,411	27,305	290.1%
Total revenues	14,867,468	12,722,434	864,409	999,099	15,731,877	13,721,533	14.7%
Program expenses:							
Governmental activities:							
Instruction	7,999,173	7,078,997	2,217		8,001,390	7,078,997	13.0%
Support services	3,995,112	3,551,319	9,091		4,004,203	3,551,319	12.8%
Non-instructional programs			843,414	960,828	843,414	960,828	-12.2%
Other expenses	1,231,349	996,938			1,231,349	996,938	23.5%
Total expenses	13,225,634	11,627,254	854,722	960,828	14,080,356	12,588,082	11.9%
Change in net assets	1,641,834	1,095,180	9,687	38,271	1,651,521	1,133,451	45.7%

Governmental Activities

Revenues for governmental activities were \$14,867,468 and expenses were \$13,225,634.

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	7,999,173	6,406,574
Support services	3,995,112	3,950,138
Other expenses	1,231,349	180,992
Totals	<u>13,225,634</u>	<u>10,537,704</u>

- The cost financed by users of the District's programs was \$797,670.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,890,260.
- The remaining cost of governmental activities was financed with \$4,524,612 in property and other taxes, \$7,235,028 in state foundation aid, \$340,487 in interest income and \$79,411 in miscellaneous revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$864,409 and expenses were \$854,722. 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. Expenses in the District's business-type activities are recorded primarily 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 \$4,091,541.

Governmental Fund Highlights

- The District's financial position remains in good condition. The school board has emphasized they wish to maintain at least a 3 month reserve as a back up in case of future cuts.
- The General Fund balance increased from \$2,327,569 to 2,552,968.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$4,479 in fiscal 2006 to \$96,615 in fiscal 2007. Revenues in this fund have increased due to a \$1 PPEL levy that was passed on October 9, 2001. The special PPEL levy ended June 30, 2007.
- 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 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 the end of FY07 was \$607,516.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$39,363 at June 30, 2006 to \$66,358 at June 30, 2007.

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 \$602,677 more than the total budgeted receipts, a variance of 3.9 %.

Total expenditures were less than budgeted by \$1,280,589, a variance of 5.5%. 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 in total. However, the District exceeded the budget at the legal level of control in the support services function.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2007, the District had invested \$18,759,750 net of accumulated depreciation of \$4,712,212, 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 4 to the financial statements. Depreciation expense for the year totaled \$352,411.

The original cost of the District's capital assets was \$23,471,962. Governmental funds account for \$ 23,264,195 with the remainder of \$ 207,767 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 completion of the HS/JH roof in the amount of \$490,760 at June 30, 2007.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business-type Activities		Total School District	
	2007	2006	2007	2006	2007	2006
Land	831,177	831,177			831,177	831,177
Construction in progress	9,167,338	2,141,530			9,167,338	2,141,530
Buildings	8,323,722	8,096,290			8,323,722	8,096,290
Improvements other than buildings						
Furniture and equipment	420,820	385,296	16,693	20,758	437,513	406,054
Totals	18,743,057	11,454,293	16,693	20,758	18,759,750	11,475,051

Long-Term Liabilities

At June 30, 2007, the District had \$12,559,438 in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of approximately 2.6 percent from last year (see Figure A-7). More detailed information about the District’s long-term liabilities is available in Note 5 to the financial statements.

In December 2005 and April 2006 a total of \$9,000,000 in bonds were sold to fund the middle school construction project. Interest payments began in FY 07 with final payment in FY 2026.

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

	Total School District		Total Change
	2007	2006	2006-2007
General obligation bonds	9,000,000	9,250,000	-0.02703
Revenue bonds	2,435,000	2,820,000	-1.13652
Early retirement	1,115,383	827,683	0.25794
Compensated absences	9,055	3,144	2.88009
Totals	12,559,438	12,900,827	-0.0264

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:

- 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 FY07. 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 FY08.
- 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. Polk County Local Option Sales Tax began July 1, 2001 and will end June 30, 2010. The revenue from sales tax in the two counties is funding the revenue bond issue that was approved FY04 and sold in FY05.
- Due to our increased enrollment needs, construction on a new middle school facility began in FY 06. 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.

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Basic Financial Statements

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 4,883,334	\$ 196,355	\$ 5,079,689
Receivables:			
Property tax:			
Current year	46,475	-	46,475
Succeeding year	3,610,000	-	3,610,000
Accounts	1,653	7,540	9,193
Due from other governments	643,054	-	643,054
Inventories	-	12,822	12,822
Capital assets, net of accumulated depreciation (note 4)	18,743,057	16,693	18,759,750
Total assets	27,927,573	233,410	28,160,983
Liabilities			
Accounts payable	407,954	13,800	421,754
Salaries and benefits payable	1,050,805	27,159	1,077,964
Accrued interest payable	102,536	-	102,536
Deferred revenue:			
Succeeding year property tax	3,610,000	-	3,610,000
Other	-	8,209	8,209
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	209,816	-	209,816
Bonds payable	520,000	-	520,000
Compensated absences	9,055	-	9,055
Portion due after one year:			
Early retirement	905,567	-	905,567
Bonds payable	10,915,000	-	10,915,000
Total liabilities	17,730,733	49,168	17,779,901

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 7,568,381	\$ 16,693	\$ 7,585,074
Restricted for:			
Physical plant and equipment levy	96,615	-	96,615
Other special revenue purposes	114,115	-	114,115
Debt service	420,574	-	420,574
Capital projects	347,192	-	347,192
Unrestricted	<u>1,649,962</u>	<u>167,549</u>	<u>1,817,511</u>
Total net assets	<u>\$ 10,196,839</u>	<u>\$ 184,242</u>	<u>\$ 10,381,081</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 5,528,432	\$ 388,892	\$ 671,756	\$ -
Special instruction	1,619,264	67,098	109,801	-
Other instruction	851,477	326,592	28,460	-
	<u>7,999,173</u>	<u>782,582</u>	<u>810,017</u>	<u>-</u>
Support services:				
Student services	474,996	-	4,752	-
Instructional staff services	356,783	-	11,284	-
Administration services	1,545,817	-	-	-
Operation and maintenance of plant services	1,107,702	15,088	-	-
Transportation services	509,814	-	13,850	-
	<u>3,995,112</u>	<u>15,088</u>	<u>29,886</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	10,982	-	-	547,535
Long-term debt interest and fiscal charges	454,217	-	-	-
AEA flowthrough	502,822	-	502,822	-
Depreciation (unallocated) *	263,328	-	-	-
	<u>1,231,349</u>	<u>-</u>	<u>502,822</u>	<u>547,535</u>
Total governmental activities	<u>13,225,634</u>	<u>797,670</u>	<u>1,342,725</u>	<u>547,535</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,467,784)	\$ -	\$ (4,467,784)
(1,442,365)	-	(1,442,365)
(496,425)	-	(496,425)
(6,406,574)	-	(6,406,574)
(470,244)	-	(470,244)
(345,499)	-	(345,499)
(1,545,817)	-	(1,545,817)
(1,092,614)	-	(1,092,614)
(495,964)	-	(495,964)
(3,950,138)	-	(3,950,138)
536,553	-	536,553
(454,217)	-	(454,217)
-	-	-
(263,328)	-	(263,328)
(180,992)	-	(180,992)
(10,537,704)	-	(10,537,704)

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Business-Type Activities:				
Instruction:				
Purchased services	\$ 2,217	\$ 7,209	\$ -	\$ -
Support services:				
Food service operations	9,091	-	-	-
Non-instructional programs:				
Food service operations	542,566	381,709	196,324	-
Other	300,848	278,172	-	-
	<u>843,414</u>	<u>659,881</u>	<u>196,324</u>	<u>-</u>
Total business-type activities	<u>854,722</u>	<u>667,090</u>	<u>196,324</u>	<u>-</u>
Total	<u>\$ 14,080,356</u>	<u>\$ 1,464,760</u>	<u>\$ 1,539,049</u>	<u>\$ 547,535</u>

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 included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ -	\$ 4,992	\$ 4,992
-	(9,091)	(9,091)
-	35,467	35,467
-	(22,676)	(22,676)
-	12,791	12,791
-	8,692	8,692
(10,537,704)	8,692	(10,529,012)
\$ 2,641,351	\$ -	\$ 2,641,351
497,992	-	497,992
263,072	-	263,072
1,122,197	-	1,122,197
7,235,028	-	7,235,028
340,487	995	341,482
79,411	-	79,411
12,179,538	995	12,180,533
1,641,834	9,687	1,651,521
8,555,005	174,555	8,729,560
\$ 10,196,839	\$ 184,242	\$ 10,381,081

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and pooled investments	\$ 3,548,209	\$ 516,305	\$ 399,235	\$ 406,053	\$ 4,869,802
Receivables:					
Property tax:					
Current year	34,402	6,805	-	5,268	46,475
Succeeding year	2,622,000	612,000	-	376,000	3,610,000
Accounts	663	-	-	990	1,653
Due from other governments	195,891	-	447,163	-	643,054
Total assets	<u>\$ 6,401,165</u>	<u>\$ 1,135,110</u>	<u>\$ 846,398</u>	<u>\$ 788,311</u>	<u>\$ 9,170,984</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 167,072	\$ -	\$ 238,882	\$ 2,000	\$ 407,954
Salaries and benefits payable	1,048,441	-	-	2,364	1,050,805
Deferred revenue:					
Succeeding year property tax	2,622,000	612,000	-	376,000	3,610,000
Other	10,684	-	-	-	10,684
Total liabilities	<u>3,848,197</u>	<u>612,000</u>	<u>238,882</u>	<u>380,364</u>	<u>5,079,443</u>
Fund balance:					
Reserved for:					
Debt service	-	523,110	-	-	523,110
Unreserved:					
Reported in nonmajor Special Revenue Funds	-	-	-	407,947	407,947
Undesignated	2,552,968	-	607,516	-	3,160,484
Total fund balances	<u>2,552,968</u>	<u>523,110</u>	<u>607,516</u>	<u>407,947</u>	<u>4,091,541</u>
Total liabilities and fund balances	<u>\$ 6,401,165</u>	<u>\$ 1,135,110</u>	<u>\$ 846,398</u>	<u>\$ 788,311</u>	<u>\$ 9,170,984</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2007

Total fund balances of governmental funds	\$ 4,091,541
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.	18,743,057
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.	13,531
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	10,684
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.	(102,536)
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.	<u>(12,559,438)</u>
Net assets of governmental activities	<u>\$ 10,196,839</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 2,516,644	\$ 497,605	\$ 1,122,198	\$ 385,522	\$ 4,521,969
Tuition	390,632	-	-	-	390,632
Other	218,754	14,547	298,983	347,358	879,642
State sources	8,323,120	387	-	299	8,323,806
Federal sources	193,200	-	547,535	-	740,735
Total revenues	<u>11,642,350</u>	<u>512,539</u>	<u>1,968,716</u>	<u>733,179</u>	<u>14,856,784</u>
Expenditures:					
Current:					
Instruction	7,273,455	-	-	489,730	7,763,185
Support services:					
Student services	471,477	-	-	-	471,477
Instructional staff services	356,783	-	-	-	356,783
Administration services	1,405,168	-	-	85,534	1,490,702
Operation and maintenance of plant services	1,080,811	-	-	65,310	1,146,121
Transportation services	490,755	-	-	19,392	510,147
	<u>3,804,994</u>	<u>-</u>	<u>-</u>	<u>170,236</u>	<u>3,975,230</u>
Other expenditures:					
Facilities acquisition	-	-	7,519,750	7,800	7,527,550
Long term debt:					
Principal	-	635,000	-	-	635,000
Interest and fiscal charges	-	519,158	1,063	-	520,221
AEA flowthrough	502,822	-	-	-	502,822
	<u>502,822</u>	<u>1,154,158</u>	<u>7,520,813</u>	<u>7,800</u>	<u>9,185,593</u>
Total expenditures	<u>11,581,271</u>	<u>1,154,158</u>	<u>7,520,813</u>	<u>667,766</u>	<u>20,924,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61,079</u>	<u>(641,619)</u>	<u>(5,552,097)</u>	<u>65,413</u>	<u>(6,067,224)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses):					
Interfund transfers in (note 3)	\$ 164,320	\$ 671,061	\$ -	\$ -	\$ 835,381
Interfund transfers out (note 3)	-	-	(671,061)	(164,320)	(835,381)
Total other financing sources (uses)	<u>164,320</u>	<u>671,061</u>	<u>(671,061)</u>	<u>(164,320)</u>	<u>-</u>
Net change in fund balances	225,399	29,442	(6,223,158)	(98,907)	(6,067,224)
Fund balances beginning of year	<u>2,327,569</u>	<u>493,668</u>	<u>6,830,674</u>	<u>506,854</u>	<u>10,158,765</u>
Fund balances end of year	<u>\$ 2,552,968</u>	<u>\$ 523,110</u>	<u>\$ 607,516</u>	<u>\$ 407,947</u>	<u>\$ 4,091,541</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ (6,067,224)

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	\$ 7,634,257	
Depreciation expense	<u>(345,493)</u>	7,288,764

The net gain in the Internal service Fund represents an overcharge to governmental activities. 2,217

Federal grant revenues received but not expended until several months after the District's fiscal year ends is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 10,684

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 635,000

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. 66,004

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. (293,611)

Change in net assets of governmental activities \$ 1,641,834

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	Enterprise Funds			Internal Service Fund
	School Nutrition	Non-Major Enterprise	Total	
Assets				
Cash and cash equivalents	\$ 72,216	\$ 124,139	\$ 196,355	\$ 13,531
Accounts receivable	40	7,500	7,540	-
Inventories	12,822	-	12,822	-
Capital assets, net of accumulated (note 4)	16,693	-	16,693	-
Total assets	101,771	131,639	233,410	13,531
Liabilities				
Accounts payable	45	13,755	13,800	-
Salaries and benefits payable	27,159	-	27,159	-
Deferred revenue	8,209	-	8,209	-
Total liabilities	35,413	13,755	49,168	-
Net Assets				
Invested in capital assets, net of related debt	16,693	-	16,693	-
Unrestricted	49,665	117,884	167,549	13,531
Total net assets	\$ 66,358	\$ 117,884	\$ 184,242	\$ 13,531

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
Operating revenues:				
Local sources:				
Charges for services	\$ 381,709	\$ 285,381	\$ 667,090	\$ 28,460
Operating expenses:				
Instruction:				
Purchased services	-	2,217	2,217	26,243
Support services:				
Purchased services	6,011	-	6,011	-
Supplies	3,080	-	3,080	-
	9,091	-	9,091	-
Non-instructional programs:				
Salaries	187,203	-	187,203	-
Benefits	57,416	-	57,416	-
Purchased services	741	2,268	3,009	-
Supplies	289,951	296,275	586,226	-
Depreciation	6,918	-	6,918	-
Other	337	2,305	2,642	-
	542,566	300,848	843,414	-
Total expenses	551,657	303,065	854,722	26,243
Operating income (loss)	(169,948)	(17,684)	(187,632)	2,217
Non-operating revenues:				
Interest on investments	619	376	995	-
State sources	7,450	-	7,450	-
Federal sources	188,874	-	188,874	-
Total non-operating revenues	196,943	376	197,319	-
Change in net assets	26,995	(17,308)	9,687	2,217
Net assets beginning of year	39,363	135,192	174,555	11,314
Net assets end of year	\$ 66,358	\$ 117,884	\$ 184,242	\$ 13,531

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 365,988	\$ -	\$ 365,988	\$ -
Cash received from miscellaneous operating activities	7,937	531,014	538,951	28,460
Cash payments to employees for services	(242,302)	-	(242,302)	(26,243)
Cash payments to suppliers for goods or services	(274,170)	(293,599)	(567,769)	-
Net cash provided by (used in) operating activities	(142,547)	237,415	94,868	2,217
Cash flows from non-capital financing activities:				
State grants received	7,450	-	7,450	-
Federal grants received	162,539	-	162,539	-
(Decrease) in due to other funds	-	(116,179)	(116,179)	-
Net cash provided by (used in) non-capital financing activities	169,989	(116,179)	53,810	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,853)	-	(2,853)	-
Cash flows from investing activities:				
Interest on investments	619	376	995	-
Net increase in cash and cash equivalents	25,208	121,612	146,820	2,217
Cash and cash equivalents beginning of year	47,008	2,527	49,535	11,314
Cash and cash equivalents end of year	\$ <u>72,216</u>	\$ <u>124,139</u>	\$ <u>196,355</u>	\$ <u>13,531</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (169,948)	\$ (17,684)	\$ (187,632)	\$ 2,217
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	6,918	-	6,918	-
Commodities used	26,335	-	26,335	-
(Increase) decrease in accounts receivable	(40)	245,633	245,593	-
(Increase) in inventories	(430)	-	(430)	-
Increase in accounts payable	45	9,466	9,511	-
Increase in salaries and benefits payable	2,317	-	2,317	-
(Decrease) in deferred revenues	(7,744)	-	(7,744)	-
Net cash provided by (used in) operating activities	\$ <u>(142,547)</u>	\$ <u>237,415</u>	\$ <u>94,868</u>	\$ <u>2,217</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received \$26,335 of federal commodities.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2007

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Assets:		
Cash and pooled investments	\$ <u>22,863</u>	
Liabilities:		
None		<u>-</u>
Net assets:		
Reserved for scholarships		\$ <u><u>22,863</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2007

		Private Purpose Trust
		<u>Scholarship</u>
Additions:		
Local sources:		
Interest	\$	<u>203</u>
Deductions:		
None		<u>-</u>
Change in net assets		203
Net assets beginning of year		<u>22,660</u>
Net assets end of year	\$	<u><u>22,863</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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 attributable to the acquisition, construction, or improvement of those assets.

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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 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 expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

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.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

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

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

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

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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

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 government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

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 receipts.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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, 2007. 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, 2007, expenditures in the support services function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 2. Cash and Pooled Investments (continued)

At June 30, 2007, the District had various investments as follows:

	<u>Amortized Cost/ Fair Value</u>
Iowa Schools Joint Investment Trust, Diversified Portfolio	\$ 1,470,787
Money market mutual funds	<u>818,428</u>
	<u>\$ 2,289,215</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in money market mutual funds are stated at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust and in all money market mutual funds were rated Aaa by Moody’s Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 671,061
General	Special Revenue: Physical Plant and Equipment Levy	<u>164,320</u>
Total		<u>\$ 835,381</u>

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2007 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	2,141,530	7,516,568	490,760	9,167,338
Total capital assets not being depreciated	<u>2,972,707</u>	<u>7,516,568</u>	<u>490,760</u>	<u>9,998,515</u>
Capital assets being depreciated:				
Buildings	11,206,040	490,760	-	11,696,800
Furniture and equipment	1,451,191	117,689	-	1,568,880
Total capital assets being depreciated	<u>12,657,231</u>	<u>608,449</u>	<u>-</u>	<u>13,265,680</u>
Less accumulated depreciation for:				
Buildings	3,109,750	263,328	-	3,373,078
Furniture and equipment	1,065,895	82,165	-	1,148,060
Total accumulated depreciation	<u>4,175,645</u>	<u>345,493</u>	<u>-</u>	<u>4,521,138</u>
Total capital assets being depreciated, net	<u>8,481,586</u>	<u>262,956</u>	<u>-</u>	<u>8,744,542</u>
Governmental activities capital assets, net	<u>\$ 11,454,293</u>	<u>\$ 7,779,524</u>	<u>\$ 490,760</u>	<u>\$ 18,743,057</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 4. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 204,914	\$ 2,853	\$ -	\$ 207,767
Less accumulated depreciation	184,156	6,918	-	191,074
Business-type activities capital assets, net	<u>\$ 20,758</u>	<u>\$ (4,065)</u>	<u>\$ -</u>	<u>\$ 16,693</u>

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

Governmental activities:

 Instruction:

 Regular

\$ 7,670

 Support services:

 Student support

3,519

 Administration

2,829

 Operation and maintenance of plant services

13,291

 Transportation

54,856

82,165

 Unallocated depreciation

263,328

Total governmental activities depreciation expense

\$ 345,493

Business-type activities:

 Food service operations

\$ 6,918

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Early Retirement	General Obligation Bonds	Local Option Sales and Services Tax Revenue Bonds	Compensated Absences	Total
Balance beginning of year	\$ 827,683	\$ 9,250,000	\$ 2,820,000	\$ 3,144	\$ 12,900,827
Additions	448,921	-	-	9,055	457,976
Reductions	161,221	250,000	385,000	3,144	799,365
Balance end of year	<u>\$ 1,115,383</u>	<u>\$ 9,000,000</u>	<u>\$ 2,435,000</u>	<u>\$ 9,055</u>	<u>\$ 12,559,438</u>
Due within one year	<u>\$ 209,816</u>	<u>\$ 130,000</u>	<u>\$ 390,000</u>	<u>\$ 9,055</u>	<u>\$ 738,871</u>

Early Retirement

The District offers 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 was 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, 2007, the District has obligations to 37 participants with a total liability of \$1,115,383. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$161,221. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 5. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue dated January 1, 2006		Bond Issue dated May 1, 2006		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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
	<u>\$ 4,500,000</u>	<u>\$ 1,950,705</u>	<u>\$ 4,500,000</u>	<u>\$ 2,242,618</u>	<u>\$ 9,000,000</u>	<u>\$ 4,193,323</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 5. Long-Term Liabilities (continued)

Local Option Sales and Services Tax Revenue Bonds

Details of the District's June 30, 2007 revenue bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 390,000	\$ 78,263	\$ 468,263
2009	400,000	66,900	466,900
2010	415,000	54,052	469,052
2011	425,000	39,768	464,768
2012	230,000	27,960	257,960
2013	185,000	19,890	204,890
2014	190,000	12,295	202,295
2015	200,000	4,200	204,200
	<u>\$ 2,435,000</u>	<u>\$ 303,328</u>	<u>\$ 2,738,328</u>

Note 6. 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 for the years ended June 30, 2007, 2006, and 2005.

Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$419,549, \$373,069, and \$336,680, respectively, equal to the required contributions for each year.

Note 7. Risk Management

Carlisle Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 8. 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 \$502,822 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 9. Construction Commitments

The District has carryover construction contracts totaling \$8,042,952, including change orders, for a new middle school and various other projects. As of June 30, 2007, costs of \$7,110,529 had been incurred against the contracts. The balance of \$932,423 remaining at June 30, 2007 will be paid as work on the project progresses.

Note 10. Contingent Liability

The District is involved in an ongoing lawsuit alleging failure on the part of the District to intervene in a conflict between two students. The outcome of this case cannot be determined at this time and the District's insurance carrier is affording coverage.

Note 11. Subsequent Event

On August 15, 2007, the District issued \$230,000 of Equipment Purchase Notes for the purpose of purchasing various pieces of equipment. The Notes are payable through the fiscal year ending 2012 and have an interest rate of 4.45%.

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Required Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances –
 Budget and Actual – All Governmental Funds
 and Proprietary Fund
 Required Supplementary Information
 Year Ended June 30, 2007

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 5,792,243	\$ 668,085	\$ 6,460,328	\$ 5,984,596	\$ 5,984,596	\$ 475,732
State sources	8,323,806	7,450	8,331,256	8,158,920	8,158,920	172,336
Federal sources	740,735	188,874	929,609	975,000	975,000	(45,391)
Total revenues	14,856,784	864,409	15,721,193	15,118,516	15,118,516	602,677
EXPENDITURES:						
Instruction	7,763,185	2,217	7,765,402	7,109,650	7,975,567	210,165
Support services	3,975,230	9,091	3,984,321	4,420,000	3,929,523	(54,798)
Non-instructional programs	-	843,414	843,414	556,400	877,900	34,486
Other expenditures	9,185,593	-	9,185,593	9,692,773	10,276,329	1,090,736
Total expenditures	20,924,008	854,722	21,778,730	21,778,823	23,059,319	1,280,589
Excess (deficiency) of revenues over (under) expenditures	(6,067,224)	9,687	(6,057,537)	(6,660,307)	(7,940,803)	1,883,266
Balance beginning of year	10,158,765	174,555	10,333,320	10,598,566	10,598,566	(265,246)
Balance end of year	\$ <u>4,091,541</u>	\$ <u>184,242</u>	\$ <u>4,275,783</u>	\$ <u>3,938,259</u>	\$ <u>2,657,763</u>	\$ <u>1,618,020</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2007

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, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

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 function 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 expenditures/expenses by \$1,280,496.

During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

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Other Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 195,540	\$ 117,489	\$ 93,024	\$ 406,053
Receivables:				
Property tax:				
Current year	1,677	-	3,591	5,268
Succeeding year	316,000	-	60,000	376,000
Accounts	-	990	-	990
Total assets	\$ 513,217	\$ 118,479	\$ 156,615	\$ 788,311
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ 2,000	\$ -	\$ 2,000
Salaries and benefits payable	-	2,364	-	2,364
Deferred revenue:				
Succeeding year property tax	316,000	-	60,000	376,000
Total liabilities	316,000	4,364	60,000	380,364
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	197,217	114,115	96,615	407,947
Total liabilities and fund equity	\$ 513,217	\$ 118,479	\$ 156,615	\$ 788,311

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, 2007

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 122,655	\$ -	\$ 262,867	\$ 385,522
Other	18,614	327,559	1,185	347,358
State sources	95	-	204	299
Total revenues	141,364	327,559	264,256	733,179
Expenditures:				
Current:				
Instruction	161,341	328,389	-	489,730
Support services:				
Administration services	85,534	-	-	85,534
Operation and maintenance of plant services	65,310	-	-	65,310
Transportation services	19,392	-	-	19,392
Other expenditures:				
Facilities acquisition	-	-	7,800	7,800
Total expenditures	331,577	328,389	7,800	667,766
Excess (deficiency) of revenues over (under) expenditures	(190,213)	(830)	256,456	65,413
Other financing uses:				
Interfund transfers out	-	-	(164,320)	(164,320)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(190,213)	(830)	92,136	(98,907)
Fund balances beginning of year	387,430	114,945	4,479	506,854
Fund balances end of year	\$ 197,217	\$ 114,115	\$ 96,615	\$ 407,947

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

 COMBINING BALANCE SHEET
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2007

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 116,570	\$ 7,569	\$ 124,139
Receivables:			
Accounts	7,500	-	7,500
	<u>124,070</u>	<u>7,569</u>	<u>131,639</u>
Liabilities			
Accounts payable	<u>13,755</u>	-	<u>13,755</u>
Net Assets			
Unrestricted	<u>\$ 110,315</u>	<u>\$ 7,569</u>	<u>\$ 117,884</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2007

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenue:			
Local sources:			
Charges for services	\$ 278,172	\$ 7,209	\$ 285,381
Operating expenses:			
Instruction:			
Purchased services	-	2,217	2,217
Non-instructional programs:			
Purchased services	2,268	-	2,268
Supplies	296,275	-	296,275
Other	2,305	-	2,305
Total expenses	<u>300,848</u>	<u>-</u>	<u>300,848</u>
Operating income (loss)	(22,676)	4,992	(17,684)
Non-operating revenues:			
Interest on investments	326	50	376
Change in net assets	(22,350)	5,042	(17,308)
Net assets beginning of year	<u>132,665</u>	<u>2,527</u>	<u>135,192</u>
Net assets end of year	<u>\$ 110,315</u>	<u>\$ 7,569</u>	<u>\$ 117,884</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

June 30, 2007

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 523,805	\$ 7,209	\$ 531,014
Cash payments to suppliers for goods or services	<u>(291,382)</u>	<u>(2,217)</u>	<u>(293,599)</u>
Net cash provided by operating activities	<u>232,423</u>	<u>4,992</u>	<u>237,415</u>
Cash flows from non-capital financing activities:			
(Decrease) in due to other funds	<u>(116,179)</u>	-	<u>(116,179)</u>
Cash flows from investing activities:			
Interest on investments	<u>326</u>	<u>50</u>	<u>376</u>
Net increase in cash and cash equivalents	116,570	5,042	121,612
Cash and cash equivalents at beginning of year	<u>-</u>	<u>2,527</u>	<u>2,527</u>
Cash and cash equivalents at end of year	<u>\$ 116,570</u>	<u>\$ 7,569</u>	<u>\$ 124,139</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (22,676)	\$ 4,992	\$ (17,684)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in accounts receivable	245,633	-	245,633
Increase in accounts payable	<u>9,466</u>	<u>-</u>	<u>9,466</u>
Net cash provided by operating activities	<u>\$ 232,423</u>	<u>\$ 4,992</u>	<u>\$ 237,415</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Life Touch	\$ 327	\$ 2,133	\$ 1,787	\$ 673
Landscaping Project	226	-	266	(40)
Books & Buddies	228	-	46	182
FCCLA	5,207	10,970	15,709	468
Spanish	1,069	-	-	1,069
Marketing Club	4,564	-	2,772	1,792
High School Student Council	11,484	8,530	10,713	9,301
K-6 Book Club	1,342	23,098	20,880	3,560
7-12 Book Club	15	-	-	15
High School Annual	7,145	8,210	7,600	7,755
Color Guard	(255)	1,550	1,590	(295)
Cheerleading	4,940	27,571	26,607	5,904
Junior High Student Council	4,585	13,679	16,767	1,497
Junior High Yearbook	504	2,460	2,629	335
Elementary Yearbook	793	4,710	4,445	1,058
Hartford Store	775	-	-	775
DARE	-	-	-	-
Academic Enrichment	5,760	2,353	4,640	3,473
SADD	703	373	470	606
Elementary Enrichment	704	1,076	2,709	(929)
Middle School Enrichment	6,048	4,854	5,221	5,681
Class of '03	-	-	-	-
Class of '04	-	-	-	-
Class of '05	-	-	-	-
Class of '06	-	-	-	-
Class of '07	225	-	458	(233)
Class of '08	(1,184)	5,051	2,522	1,345
Interest	2,544	1,320	-	3,864
Act Tickets	-	-	-	-
5-6 Band Concessions	1,011	752	863	900
High School Concessions	-	-	-	-
Drama	779	-	65	714
Speech Club	-	-	722	(722)
Debate Club	-	-	-	-
High School Chorus	6,522	12,686	11,243	7,965
Musical Productions	1,672	3,032	1,267	3,437
7-12 Band	4,149	25,072	25,787	3,434
Jazz Band	-	-	-	-
All Athletics	4,693	56,818	52,188	9,323
Basketball - Girls	2,537	6,290	8,256	571
Basketball - Boys	4,888	11,044	8,466	7,466

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Soccer - Girls	\$ -	\$ 4,014	\$ 2,972	\$ 1,042
Soccer - Boys	1,535	2,844	4,401	(22)
Track - Girls	1,901	1,981	2,060	1,822
Track - Boys	(182)	10,698	8,108	2,408
Cross Country	1,874	1,716	1,104	2,486
Weightlifting	48	-	-	48
Football	5,444	20,899	18,665	7,678
Baseball	3,889	10,531	10,104	4,316
Wrestling	2,561	4,825	4,358	3,028
Volleyball	2,068	8,561	6,281	4,348
Softball	3,170	14,219	17,053	336
Y-Camp	4,276	6,647	6,886	4,037
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	1,511	2,255	4,056	(290)
Golf - Girls	1,750	2,050	4,300	(500)
MS Conservation Team	-	2,687	1,353	1,334
Total	\$ 114,945	\$ 327,559	\$ 328,389	\$ 114,115

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,			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 4,521,969	\$ 4,306,821	\$ 4,098,804	\$ 3,468,500
Tuition	390,632	304,523	300,814	275,641
Other	879,642	678,493	547,054	489,364
State sources	8,323,806	7,230,151	6,538,370	6,088,413
Federal sources	740,735	202,446	197,467	181,777
Total revenues	<u>\$ 14,856,784</u>	<u>\$ 12,722,434</u>	<u>\$ 11,682,509</u>	<u>\$ 10,503,695</u>
Expenditures:				
Instruction	\$ 7,763,185	\$ 7,174,229	\$ 6,637,400	\$ 6,283,706
Support services:				
Student services	471,477	417,024	373,037	361,748
Instructional staff services	356,783	381,665	378,376	411,663
Administration services	1,490,702	1,267,388	1,093,941	954,351
Operation and maintenance of plant services	1,146,121	1,013,038	905,034	784,602
Transportation services	510,147	526,625	406,817	359,090
Other expenditures:				
Facilities acquisition	7,527,550	2,562,007	3,788,085	739,320
Long-term debt:				
Principal	635,000	705,000	71,759	410,000
Interest and fiscal charges	520,221	110,891	415,600	30,309
AEA flowthrough	502,822	441,409	399,159	380,453
Total expenditures	<u>\$ 20,924,008</u>	<u>\$ 14,599,276</u>	<u>\$ 14,469,208</u>	<u>\$ 10,715,242</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2007

<u>Grantor / Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Food Donation (non-cash)	10.550	FY 07	\$ <u>26,335</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 07	15,276
National School Lunch Program	10.555	FY 07	<u>147,263</u>
			<u>162,539</u>
			<u>188,874</u>
National Endowment of the Arts:			
Iowa Department of Cultural Affairs:			
Promotion of the Arts - Partnership Agreements	45.025	FY 07	<u>475</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	FY 07	<u>61,417</u>
Grants for State Assessments and Related Activities	84.398	FY 07	<u>11,284</u>
Fund for the Improvement of Education	84.215	FY 07	<u>547,535</u>
Improving Teacher Quality State Grants	84.369	FY 07	<u>31,523</u>
State Grants for Innovative Programs	84.298	FY 07	<u>1,891</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 07	<u>4,752</u>
			<u>658,402</u>
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY 07	<u>80,768</u>
Norwalk Community School District:			
Vocational Education - Basic Grants to States	84.048	FY 07	<u>1,090</u>
			<u>740,260</u>
Total			\$ <u><u>929,609</u></u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Carlisle Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 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, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carlisle Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carlisle Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carlisle Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Carlisle Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Carlisle Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-07 and II-B-07 are material weaknesses.

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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Carlisle Community School District's operations for the year ended June 30, 2007 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.

Carlisle Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Carlisle Community School District's responses and, accordingly, we express no opinion on them.

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
September 19, 2007

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Board of Education of
Carlisle Community School District:

Compliance

We have audited the compliance of Carlisle Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Carlisle Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Carlisle Community School District's management. Our responsibility is to express an opinion on Carlisle Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carlisle Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carlisle Community School District's compliance with those requirements.

In our opinion, Carlisle Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Carlisle Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Carlisle Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in a District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no material weaknesses during the course of our audit.

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.

Oskaloosa, Iowa
September 19, 2007

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.215 – Fund for the Improvement of Education
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Carlisle Community School District did not qualify as a low-risk auditee.

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

II-A-07 Bank Reconciliations – We noted in our testing of bank reconciliations that the Capital Projects Fund had an error of \$6,166. The District was aware of this error but had not resolved the difference for several months. The error was due to a prior year journal entry that was incorrectly entered.

Recommendation – All differences in monthly bank reconciliations should be investigated and resolved in a timely manner. The cash balances per the bank reconciliations should be traced back to the general ledger cash balance. The difference was resolved at the time of our audit and all cash balances are correctly stated.

Response – We will investigate and resolve all bank reconciliation differences in a timely manner in the future. As noted, we have now resolved the above difference.

Conclusion – Response accepted.

II-B-07 Financial Reporting – During the audit, we identified material amounts of receivables and payables not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements. In addition, we noted that the District had not made the necessary adjustments to inventories, deferred revenue, and capital assets related to the Proprietary Fund, Fund Service prior to the date of the audit.

Recommendation – The District should implement procedures to ensure all receivables and payables as well as balancing entries required for the Proprietary Funds, are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables and payables and we will make the entries necessary at year end for the Proprietary Fund.

Conclusion – Response accepted.

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Significant Deficiency:

No matters were reported.

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part IV: Other Findings Related to Statutory Reporting:

IV-A-07 Certified Budget – Expenditures for the year ended June 30, 2007, 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 expenditures were allowed to exceed the budget.

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

Conclusion – Response accepted.

IV-B-07 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

IV-C-07 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.

IV-D-07 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-07 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.

IV-F-07 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-07 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 were noted. However, the District has investments in money market mutual funds which are not allowed by the District’s own investment policy.

Recommendation – The District should update their investment policy to encompass the money market mutual funds, which are allowable per the Code of Iowa as noted.

Response – We will update our investment policy.

Conclusion – Response accepted.

IV-I-07 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

CARLISLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

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

IV-J-07 Student Meal Accounts – We noted in our testing of the Proprietary Fund, Food Service that some student account balances had deficits as high as \$91.

Recommendation – The District should adopt and implement a policy which sets guidelines as to the maximum amount a student can charge on the student’s account for meals consumed. The District should educate all families of the help available through the Federal Free and Reduced Meal Program if assistance is needed by a family. Action should be taken by the District to collect on the larger deficit account balances.

Response – We are working on this problem and we are educating all families of the aid available if needed. We have made significant progress.

Conclusion – Response accepted.