



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
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**NEWS RELEASE**

FOR RELEASE

December 18, 2008

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Carlisle, Iowa.

The City's receipts totaled \$7,889,682 for the year ended June 30, 2008, a 55 percent increase over 2007. The receipts included \$1,249,106 in property tax, \$24,629 from tax increment financing, \$3,103,765 from charges for service, \$446,229 from operating grants, contributions and restricted interest, \$17,163 from capital grants, contributions and restricted interest, \$112,803 from unrestricted interest on investments, \$2,886,269 from note proceeds and \$49,718 from other general receipts.

Disbursements for the year totaled \$5,270,443, a 10 percent increase over the prior year, and included \$770,698 for public safety, \$550,224 for public works and \$527,701 for culture and recreation. Also, disbursements for business type activities totaled \$2,795,213.

The significant increase in receipts is due primarily to proceeds from the issuance of sewer revenue capital loan notes.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**CITY OF CARLISLE**

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

**JUNE 30, 2008**

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**City of Carlisle**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2008)</b>		
Ruth Randleman	Mayor	Jan 2010
Blair Dewey	Mayor Pro tem	Jan 2008
Drew Merrifield	Council Member	Jan 2008
Frank Schultz	Council Member	Jan 2008
Doug Hammerand	Council Member	Jan 2010
Eric Mahnke	Council Member	Jan 2010
Neil Ruddy	Administrator/Clerk	Indefinite
Andra K. Black	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(After January 2008)</b>		
Ruth Randleman	Mayor	Jan 2010
Eric Mahnke	Mayor Pro tem	Jan 2010
Doug Hammerand	Council Member	Jan 2010
Drew Merrifield	Council Member	Jan 2012
Alma Reed	Council Member	Jan 2012
Robert Van Ryswyk	Council Member	Jan 2012
Neil Ruddy	Administrator/Clerk	Indefinite
Andra K. Black	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

**City of Carlisle**



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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Carlisle's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

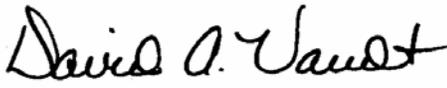
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2008 on our consideration of the City of Carlisle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 30 through 32 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. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carlisle'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 five years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 8, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Carlisle provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 5%, or approximately \$128,000, from fiscal year 2007 to fiscal year 2008.
- The City's governmental activities disbursements increased 17%, or approximately \$358,000, from fiscal year 2007 to fiscal year 2008. Public safety function disbursements increased approximately \$168,000, primarily as a result of the purchase of a police vehicle and fire tanker truck. Culture and recreation function disbursements increased approximately \$133,000, primarily as a result of a payout of two trust funds to be used to fund a museum as specified in the bequest to the City. Public works function disbursements increased approximately \$76,000, primarily due to the purchase of a snow plow/dump truck.
- The City's governmental activities cash balance at June 30, 2008 decreased 16%, or approximately \$207,000, from June 30, 2007, due primarily to the payout of the trust funds and the purchases of the fire tanker truck, police vehicle and snow plow/dump truck.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

### BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the

financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

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

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

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water works, the sanitary sewer system and the electric system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Gifts and Bequests, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

2) Proprietary funds account for the City's Enterprise Funds and the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer and electric funds, considered to be major funds of the City. The Internal Service Fund is an accounting device used to accumulate and allocate costs internally among the City's various functions.

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

Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

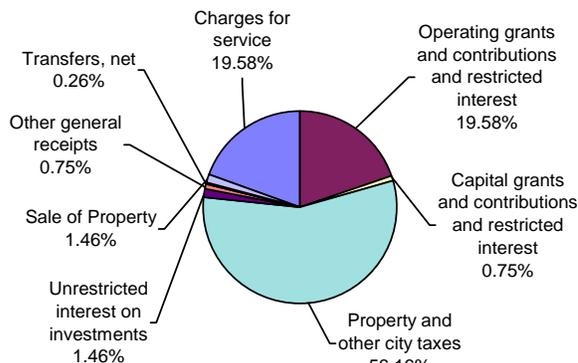
## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing by approximately \$.207 million to approximately \$1.103 million. The analysis below focuses on the change in cash basis net assets of governmental activities.

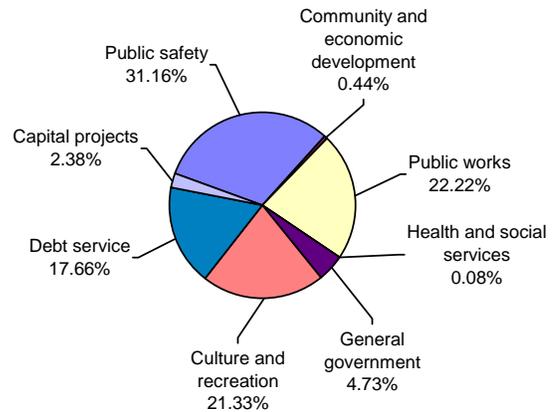
Changes in Cash Basis Net Assets of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2008	2007
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 444	442
Operating grants, contributions and restricted interest	444	510
Capital grants, contributions and restricted interest	17	147
General receipts:		
Property and other city tax	1,274	1,240
Unrestricted interest on investments	33	33
Sale of property	33	-
Other general receipts	17	18
Transfers, net	6	11
Total receipts and transfers	2,268	2,401
Disbursements:		
Operating:		
Public safety	771	603
Public works	550	474
Health and social services	2	2
Culture and recreation	528	395
Community and economic development	11	29
General government	117	99
Debt service	437	444
Capital projects	59	71
Total disbursements	2,475	2,117
Increase (decrease) in cash basis net assets	(207)	284
Cash basis net assets beginning of year	1,310	1,026
Cash basis net assets end of year	\$ 1,103	1,310

**Receipts by Source**



**Disbursements by Function**



Total governmental activities receipts and transfers for the fiscal year were approximately \$2.268 million. The cash balance decreased about \$207,000 from the prior year, due primarily to the increase in disbursements for payout of the trust funds and purchases of the fire tanker truck, police vehicle, and snow plow/dump truck.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2008	2007
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 523	526
Sewer	461	432
Electric	1,676	1,638
Operating grants and contributions:		
Electric	2	-
Capital grants and contributions:		
Sewer	-	29
General receipts:		
Unrestricted interest on investments	80	77
Note proceeds, net of discount	2,886	-
Total receipts	<u>5,628</u>	<u>2,702</u>
Disbursements and transfers:		
Water	566	492
Sewer	554	466
Electric	1,675	1,710
Transfers	6	11
Total disbursements and transfers	<u>2,801</u>	<u>2,679</u>
Net change in cash basis net assets	2,827	23
Cash basis net assets beginning of year	2,167	2,144
Cash basis net assets end of year	<u>\$ 4,994</u>	<u>2,167</u>

Total business type activities receipts for the fiscal year were approximately \$5.628 million. The cash balance increased approximately \$2.827 million over the prior year due to proceeds from the issuance of sewer revenue capital loan notes.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$1,068,246, a decrease of more than \$213,000 from last year's total of \$1,281,612. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$82,814 from the prior year, resulting in an ending cash balance of \$685,439. This decrease was primarily due to an increase in disbursements for the purchase of a police vehicle, snow plow/dump truck and a fire tanker truck.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$61,821 during the fiscal year. This decrease was primarily attributable to an increase in costs for vehicle maintenance, increased costs for gas and oil and the purchase of the snow plow/dump truck.

- The Debt Service Fund cash balance increased \$10,320 to \$98,023 during the fiscal year. This is primarily due to a decrease in bond payments.
- The Capital Projects Fund cash balance increased \$17,680 to \$48,143 during the fiscal year. This is primarily due to a decrease in Aquatic Center disbursements, more pledges being received, sale of the Highway 5 property offset by an increase in disbursements related to the Wetland Project.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance decreased \$12,919 from the prior year to \$885,683. This decrease occurred primarily because of the increase in disbursements for capital projects.
- The Sewer Fund cash balance increased \$2,829,935 from the prior year to \$3,801,225. The increase in cash balance was primarily due to proceeds from the issuance of sewer revenue capital loan notes.
- The Electric Fund cash balance increased \$4,546 to \$268,463 during the fiscal year. Disbursements decreased \$33,760 as a result of a decrease in the cost of power purchased.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved on May 27, 2008 and resulted in an increase of \$30,992 in receipts. The additional receipts were miscellaneous grants, donations, and funds from FEMA. The budgeted disbursements also increased \$158,782, resulting in the use of an additional \$127,790 of the General Fund balance.

The City’s total receipts were \$1,653,523 under budgeted receipts, or 25% less than expected. The most significant variance was the result of the City not receiving funds from the Rural Development grant and a loan for the Avon Sewer Project and the City subsequently issuing \$758,000 of sewer revenue capital loan anticipation project notes during the fiscal year.

Total disbursements were \$3,269,815 less than budgeted, due primarily to the City’s budget for business-type activities. The City budgeted anticipated disbursements for the sewer project which did not progress as rapidly as expected.

**DEBT ADMINISTRATION**

At June 30, 2008, the City had \$5,698,000 in bonds and other long-term debt outstanding, compared to \$3,310,000 last year, as shown below:

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2008	2007
General obligation bonds	\$ 1,485	1,720
General obligation capital loan notes	495	605
Revenue capital loan notes	2,740	685
Revenue bonds	220	300
Revenue capital loan anticipation project notes	758	-
Total	\$ 5,698	3,310

Debt increased as a result of the issuance of \$2,903,000 of sewer revenue capital loan notes and sewer revenue capital loan anticipation project notes in May 2008.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,980,000 is significantly below its constitutional debt limit of approximately \$8 million.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget. One of those factors is the economy. The City's total assessed valuations have increased slightly. However, funding from the State has decreased due to the State's budget constraints. The Council worked hard to retain the same tax rate for 2009 with no increase to the taxpayers.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Neil Ruddy, City Clerk, or Kay Black, Deputy City Clerk, 195 N 1st Street, Carlisle, Iowa 50047.

## **Basic Financial Statements**

City of Carlisle

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2008

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 770,698	121,372	44,202	-
Public works	550,224	197,716	311,885	-
Health and social services	2,265	-	-	-
Culture and recreation	527,701	100,948	64,048	-
Community and economic development	10,683	10	4,378	-
General government	117,073	20,020	-	-
Debt service	437,228	-	19,714	17,163
Capital projects	59,358	4,321	-	-
Total governmental activities	2,475,230	444,387	444,227	17,163
Business type activities:				
Water	566,055	522,548	241	-
Sewer	553,899	460,568	241	-
Electric	1,675,259	1,676,262	1,520	-
Total business type activities	2,795,213	2,659,378	2,002	-
Total	\$ 5,270,443	3,103,765	446,229	17,163

**General Receipts:**

Property and other city tax levied for:
General purposes
Tax Increment financing
Debt service
Unrestricted interest on investments
Note proceeds (net of \$16,731 discount)
Sale of property
Miscellaneous
Transfers
Total general receipts and transfers
Change in cash basis net assets
Cash basis net assets beginning of year
Cash basis net assets end of year

**Cash Basis Net Assets**

Restricted:
Streets
Debt service
Capital projects
Urban renewal purposes
Other purposes
Unrestricted

**Total cash basis net assets**

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(605,124)	-	(605,124)
(40,623)	-	(40,623)
(2,265)	-	(2,265)
(362,705)	-	(362,705)
(6,295)	-	(6,295)
(97,053)	-	(97,053)
(400,351)	-	(400,351)
(55,037)	-	(55,037)
<u>(1,569,453)</u>	<u>-</u>	<u>(1,569,453)</u>
-	(43,266)	(43,266)
-	(93,090)	(93,090)
-	2,523	2,523
<u>-</u>	<u>(133,833)</u>	<u>(133,833)</u>
<u>(1,569,453)</u>	<u>(133,833)</u>	<u>(1,703,286)</u>
836,387	-	836,387
24,629	-	24,629
412,719	-	412,719
32,999	79,804	112,803
-	2,886,269	2,886,269
32,551	-	32,551
17,167	-	17,167
5,708	(5,708)	-
<u>1,362,160</u>	<u>2,960,365</u>	<u>4,322,525</u>
(207,293)	2,826,532	2,619,239
<u>1,310,301</u>	<u>2,167,566</u>	<u>3,477,867</u>
<u>\$ 1,103,008</u>	<u>4,994,098</u>	<u>6,097,106</u>
\$ 160,146	-	160,146
98,023	680,226	778,249
58,517	-	58,517
48,143	-	48,143
17,978	-	17,978
720,201	4,313,872	5,034,073
<u>\$ 1,103,008</u>	<u>4,994,098</u>	<u>6,097,106</u>

City of Carlisle

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2008

	General	Special Revenue Road Use Tax
Receipts:		
Property tax	\$ 770,702	-
Tax increment financing	-	-
Other city tax	9,124	-
Licenses and permits	41,854	-
Use of money and property	32,999	-
Intergovernmental	56,214	307,838
Charges for service	358,083	-
Special assessments	-	-
Miscellaneous	61,772	1,802
Total receipts	<u>1,330,748</u>	<u>309,640</u>
Disbursements:		
Operating:		
Public safety	764,376	-
Public works	179,818	371,461
Health and social services	2,265	-
Culture and recreation	395,908	-
Community and economic development	10,683	-
General government	117,073	-
Debt service	-	-
Capital projects	-	-
Total disbursements	<u>1,470,123</u>	<u>371,461</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(139,375)</u>	<u>(61,821)</u>
Other financing sources (uses):		
Sale of property	-	-
Operating transfers in	56,561	-
Operating transfers out	-	-
Total other financing sources (uses)	<u>56,561</u>	<u>-</u>
Net change in cash balances	(82,814)	(61,821)
Cash balances beginning of year	<u>768,253</u>	<u>221,967</u>
Cash balances end of year	<u>\$ 685,439</u>	<u>160,146</u>
<b>Cash Basis Fund Balances</b>		
Reserved for debt service	\$ -	-
Unreserved:		
General fund	685,439	-
Special revenue funds	-	160,146
Capital projects fund	-	-
Permanent fund	-	-
Total cash basis fund balances	<u>\$ 685,439</u>	<u>160,146</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
407,898	-	55,892	1,234,492
-	-	24,629	24,629
4,821	-	669	14,614
-	-	-	41,854
9,694	7,756	1,389	51,838
-	-	-	364,052
-	-	-	358,083
9,407	4,321	-	13,728
10,020	32,410	17,903	123,907
441,840	44,487	100,482	2,227,197
-	-	8,532	772,908
-	-	-	551,279
-	-	-	2,265
-	-	132,120	528,028
-	-	-	10,683
-	-	-	117,073
437,228	-	-	437,228
-	59,358	-	59,358
437,228	59,358	140,652	2,478,822
4,612	(14,871)	(40,170)	(251,625)
-	32,551	-	32,551
5,708	-	-	62,269
-	-	(56,561)	(56,561)
5,708	32,551	(56,561)	38,259
10,320	17,680	(96,731)	(213,366)
87,703	30,463	173,226	1,281,612
98,023	48,143	76,495	1,068,246
98,023	-	-	98,023
-	-	-	685,439
-	-	42,892	203,038
-	48,143	-	48,143
-	-	33,603	33,603
98,023	48,143	76,495	1,068,246

**City of Carlisle**

City of Carlisle

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Statement of Activities and Net Assets -  
Governmental Funds

As of and for the year ended June 30, 2008

**Total governmental funds cash balances (page 17)** \$ 1,068,246

***Amounts reported for governmental activities in the Statement of  
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's insurance benefit plan to individual funds. A portion of the assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

34,762

**Cash basis net assets of governmental activities (page 15)** \$ 1,103,008

**Net change in cash balances (page 17)** \$ (213,366)

***Amounts reported for governmental activities in the Statement of  
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's insurance benefit plan to individual funds. A portion of the change in net assets of the Internal Service Fund is reported with governmental activities.

6,073

**Change in cash basis net assets of governmental activities (page 15)** \$ (207,293)

See notes to financial statements.

**Exhibit D**

## City of Carlisle

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2008

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	Self Funded Insurance
Operating receipts:					
Charges for service	\$ 462,367	454,545	1,624,550	2,541,462	-
Miscellaneous	60,181	6,023	51,712	117,916	13,513
Total operating receipts	522,548	460,568	1,676,262	2,659,378	13,513
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	1,277
Public works	-	-	-	-	610
Culture and recreation	-	-	-	-	190
Business type activities	350,197	252,991	1,622,713	2,225,901	2,872
Total operating disbursements	350,197	252,991	1,622,713	2,225,901	4,949
Excess of operating receipts over operating disbursements	172,351	207,577	53,549	433,477	8,564
Non-operating receipts (disbursements):					
Intergovernmental	241	241	1,520	2,002	-
Interest on investments	31,582	37,990	10,232	79,804	2,479
Revenue capital loan note proceeds (net of \$16,731 discount)	-	2,886,269	-	2,886,269	-
Debt service	(37,405)	(114,415)	(55,047)	(206,867)	-
Capital projects	(179,688)	(187,727)	-	(367,415)	-
Total non-operating receipts (disbursements)	(185,270)	2,622,358	(43,295)	2,393,793	2,479
Excess (deficiency) of receipts over (under) disbursements before transfers	(12,919)	2,829,935	10,254	2,827,270	11,043
Operating transfers:					
Transfers out	-	-	(5,708)	(5,708)	-
Net change in cash balances	(12,919)	2,829,935	4,546	2,821,562	11,043
Cash balances beginning of year	898,602	971,290	263,917	2,133,809	62,446
Cash balances end of year	\$ 885,683	3,801,225	268,463	4,955,371	73,489
<b>Cash Basis Fund Balances</b>					
Reserved for debt service	\$ 86,341	680,531	198,142	965,014	-
Unreserved	799,342	3,120,694	70,321	3,990,357	73,489
Total cash basis fund balances	\$ 885,683	3,801,225	268,463	4,955,371	73,489

See notes to financial statements.

City of Carlisle

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Statement of Activities and Net Assets –  
Proprietary Funds

As of and for the year ended June 30, 2008

**Total enterprise funds cash balances (page 20)** \$ 4,955,371

***Amounts reported for business type activities in the Statement of  
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's insurance benefit plan to individual funds. A portion of the assets of the Internal Service Fund are included in business type activities in the Statement of Net Assets.

38,727

**Cash basis net assets of business type activities (page 15)** \$ 4,994,098

**Net change in cash balances (page 20)** \$ 2,821,562

***Amounts reported for business type activities in the Statement of  
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's insurance benefit plan to individual funds. A portion of the change in net assets of the Internal Service Fund is reported with business type activities.

4,970

**Change in cash basis net assets of business type activities (page 15)** \$ 2,826,532

See notes to financial statements.

City of Carlisle

Notes to Financial Statements

June 30, 2008

**(1) Summary of Significant Accounting Policies**

The City of Carlisle is a political subdivision of the State of Iowa located in Warren County. It was first incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer and electric utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Carlisle has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Carlisle (the primary government) and the Carlisle Volunteer Fire Department and Friends of the Carlisle Library (component units). These component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The Carlisle Volunteer Fire Department and Friends of the Carlisle Library are entities which are legally separate from the City but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of the City and blended into the nonmajor governmental funds.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Warren County Assessor's Conference Board, Warren County Emergency Management Commission and Warren County Joint E911 Service Board.

The City also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Des Moines Area Transportation Planning Commission and Central Iowa Area Safety and Support Organization.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which 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 Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*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.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

The Special Revenue, Road Use Tax Fund is used to account for road construction and maintenance.

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

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

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

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the community and economic development function.

**(2) Cash and Pooled Investments**

The City's deposits in banks and credit unions at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Bonds		General Obligation Capital Loan Notes		Revenue Capital Loan Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 250,000	60,833	110,000	16,793	90,000	103,253
2010	210,000	50,793	125,000	13,613	185,000	99,788
2011	220,000	42,413	60,000	9,713	190,000	94,268
2012	220,000	33,348	65,000	7,643	190,000	88,187
2013	180,000	23,978	65,000	5,270	195,000	81,602
2014-2018	405,000	42,213	70,000	2,800	865,000	306,938
2019-2023	-	-	-	-	1,025,000	131,350
<b>Total</b>	<b>\$ 1,485,000</b>	<b>253,578</b>	<b>495,000</b>	<b>55,832</b>	<b>2,740,000</b>	<b>905,386</b>

Year Ending June 30,	Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2009	\$ 85,000	8,468	535,000	189,347
2010	30,000	5,060	550,000	169,254
2011	35,000	4,025	505,000	150,419
2012	35,000	2,748	510,000	131,926
2013	35,000	1,400	475,000	112,250
2014-2018	-	-	1,340,000	351,951
2019-2023	-	-	1,025,000	131,350
<b>Total</b>	<b>\$ 220,000</b>	<b>21,701</b>	<b>4,940,000</b>	<b>1,236,497</b>

Revenue Bonds and Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,740,000 in sewer revenue capital loan notes issued November 1, 2003 and May 28, 2008. The notes were issued for the purpose of paying the costs of improvements and extensions of the sewer system. The notes are payable solely and only out of the net earnings of the Sewer Utility System and are payable through 2023. The total principal and interest remaining to be paid on the notes is \$3,645,386. For the current year, principal and interest paid and total customer net receipts were \$114,015 and \$207,577, respectively. Annual principal and interest payments on these sewer revenue notes are expected to require approximately 55 percent of net receipts.

The City has pledged future electric customer receipts, net of specified operating disbursements, to repay \$55,000 in electric revenue bonds issued December 1, 1998. The bonds were issued for the purpose of paying the costs of improvements and extensions of the electric system. The bonds are payable solely and only out of the net earnings of the Electric Utility System and are payable through 2009. The total principal and interest remaining to be paid on the bonds is \$57,448. For the current year, principal and interest paid and total customer net receipts were \$55,047 and \$53,549, respectively. Annual principal and interest payments on these electric revenue bonds are expected to require approximately 103 percent of net receipts.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$165,000 in water revenue bonds issued October 1, 2003. The bonds were issued for the purpose of paying the costs of improvements and extensions of the water system. The bonds are payable solely and only out of the net earnings of the Water Utility System and are payable through 2013. The total principal and interest remaining to be paid on the bonds is \$184,253. For the current year, principal and interest paid and total customer net receipts were \$36,905 and \$172,351, respectively. Annual principal and interest payments on these water revenue bonds are expected to require approximately 21 percent of net receipts.

The resolutions providing for the issuance of the electric, water and sewer revenue bonds and notes include the following provisions:

- (1) The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the bond and note holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate electric, water and sewer revenue sinking accounts within the Enterprise Funds for the purpose of making the bond and note principal and interest payments when due.
- (3) Additional monthly transfers shall be made to separate electric, water and sewer reserve accounts until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying bond and note principal and interest payments when insufficient money is available in the sinking account.
- (4) Additional monthly transfers of \$200 to an electric improvement account shall be made until the required balance of \$60,000 has been accumulated. This account is restricted for the purpose of paying bond principal and interest payments when insufficient money is available in the sinking and reserve accounts and to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget and for capital improvements to the system.
- (5) Water and sewer user rates shall be established at a level which produces net revenues at a level not less than 125% of the amount of principal and interest due on the bonds and notes during the same year.
- (6) For the 2008 sewer revenue capital loan notes, an amount equal to \$284,788 shall be deposited in the reserve account.

On May 28, 2008, the City issued \$758,000 of sewer revenue capital loan anticipation project notes, with an interest rate of 3.10% per annum. The notes were issued for the purpose of paying the costs of improvements and extensions of the City's Municipal Sanitary Sewer System, including construction of a sanitary sewer collection system for the Avon Lake area.

#### **(4) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the City is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$64,144, \$59,112 and \$60,543, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, retirement or death. Unused sick leave hours are lost upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2008, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 70,000
Compensatory time	<u>57,000</u>
Total	<u>\$ 127,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2008.

**(6) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	\$ 56,561
Debt Service	Enterprise: Electric	<u>5,708</u>
Total		<u>\$ 62,269</u>

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

**(7) Risk Management**

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

**(8) Employee Dental and Short-Term Disability Insurance Plan**

The City's Internal Service, Self Funded Insurance Fund was established to account for the self funding of the City's dental and short-term disability insurance plan. The plan is funded by City contributions and is administered through a service agreement with Select Benefit Administrators (SBA).

The plan provides dental and short-term disability coverage for eligible employees and, if elected, their spouses and dependents. The maximum annual coverage for dental coverage is \$1,500 per person except for orthodontia services which are limited to \$1,000 per lifetime. Benefits for short-term disability equal two thirds of the employee's average weekly earnings, up to a maximum benefit of \$400 per week for up to 26 weeks, at which time the City's long-term disability insurance coverage begins.

Monthly payments of service fees and plan contributions to the Internal Service, Self Funded Insurance Fund are recorded as disbursements from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to SBA. The City's contribution to the fund for the year ended June 30, 2008 was \$13,513.

**(9) Litigation**

The City is a defendant in several lawsuits seeking specified and unspecified damages. The probability of loss, if any, is undeterminable.

**(10) Subsequent Event**

In July 2008, the City Council awarded a contract for Sections 1 and 2 of the Northwest Area Sanitary Sewer Extension to Synergy Contracting, LLC for \$3,608,207.

**Required Supplementary Information**

City of Carlisle  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,234,492	-	-
Tax increment financing	24,629	-	-
Other city tax	14,614	-	-
Licenses and permits	41,854	-	-
Use of money and property	51,838	82,283	(2,479)
Intergovernmental	364,052	2,002	-
Charges for service	358,083	2,541,462	-
Special assessments	13,728	-	-
Miscellaneous	123,907	131,429	(13,513)
Total receipts	2,227,197	2,757,176	(15,992)
Disbursements:			
Public safety	772,908	1,277	(1,277)
Public works	551,279	610	(610)
Health and social services	2,265	-	-
Culture and recreation	528,028	190	(190)
Community and economic development	10,683	-	-
General government	117,073	-	-
Debt service	437,228	-	-
Capital projects	59,358	-	-
Business type activities	-	2,803,055	(2,872)
Total disbursements	2,478,822	2,805,132	(4,949)
Excess (deficiency) of receipts over (under) disbursements	(251,625)	(47,956)	(11,043)
Other financing sources (uses), net	38,259	2,880,561	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(213,366)	2,832,605	(11,043)
Balances beginning of year	1,281,612	2,196,255	(62,446)
Balances end of year	\$ 1,068,246	5,028,860	(73,489)

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,234,492	1,226,194	1,226,194	8,298
24,629	-	-	24,629
14,614	14,521	14,521	93
41,854	54,963	54,963	(13,109)
131,642	24,500	24,500	107,142
366,054	1,861,164	1,889,271	(1,523,217)
2,899,545	3,368,699	3,368,699	(469,154)
13,728	14,871	14,871	(1,143)
241,823	26,000	28,885	212,938
<u>4,968,381</u>	<u>6,590,912</u>	<u>6,621,904</u>	<u>(1,653,523)</u>
772,908	830,471	841,795	68,887
551,279	552,642	558,465	7,186
2,265	2,500	2,500	235
528,028	434,582	570,231	42,203
10,683	10,126	10,326	(357)
117,073	140,111	140,111	23,038
437,228	437,229	437,229	1
59,358	62,113	62,113	2,755
<u>2,800,183</u>	<u>5,920,264</u>	<u>5,926,050</u>	<u>3,125,867</u>
<u>5,279,005</u>	<u>8,390,038</u>	<u>8,548,820</u>	<u>3,269,815</u>
(310,624)	(1,799,126)	(1,926,916)	1,616,292
<u>2,918,820</u>	<u>1,274,000</u>	<u>1,274,000</u>	<u>1,644,820</u>
2,608,196	(525,126)	(652,916)	3,261,112
<u>3,415,421</u>	<u>2,856,965</u>	<u>2,856,965</u>	<u>558,456</u>
<u>6,023,617</u>	<u>2,331,839</u>	<u>2,204,049</u>	<u>3,819,568</u>

City of Carlisle

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

The 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 City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$158,782. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the community and economic development function.

**Other Supplementary Information**

City of Carlisle

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2008

	Special Revenue		
		Gifts and Bequests	Urban Renewal Tax Increment
	Employee Benefits		
Receipts:			
Property tax	\$ 55,892	-	-
Tax increment financing	-	-	24,629
Other city tax	669	-	-
Use of money and property	-	1,247	-
Miscellaneous	-	-	-
Total receipts	56,561	1,247	24,629
Disbursements:			
Operating:			
Public safety	-	-	-
Culture and recreation	-	127,589	-
Total disbursements	-	127,589	-
Excess (deficiency) of receipts over (under) disbursements	56,561	(126,342)	24,629
Other financing uses:			
Operating transfers out	(56,561)	-	-
Net change in cash balances	-	(126,342)	24,629
Cash balances beginning of year	-	127,692	(6,651)
Cash balances end of year	\$ -	1,350	17,978
<b>Cash Basis Fund Balances</b>			
Unreserved:			
Special revenue funds	\$ -	1,350	17,978
Permanent fund	-	-	-
Total cash basis fund balances	\$ -	1,350	17,978

See accompanying independent auditor's report.

Friends of the Library	Carlisle Volunteer Fire Department	Permanent		Total
		Cemetery Perpetual Care		
-	-	-	-	55,892
-	-	-	-	24,629
-	-	-	-	669
36	106	-	-	1,389
5,241	11,062	1,600	-	17,903
5,277	11,168	1,600	-	100,482
-	8,532	-	-	8,532
4,531	-	-	-	132,120
4,531	8,532	-	-	140,652
746	2,636	1,600	-	(40,170)
-	-	-	-	(56,561)
746	2,636	1,600	-	(96,731)
11,417	8,765	32,003	-	173,226
12,163	11,401	33,603	-	76,495
12,163	11,401	-	-	42,892
-	-	33,603	-	33,603
12,163	11,401	33,603	-	76,495

City of Carlisle  
Schedule of Indebtedness  
Year ended June 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Essential corporate purpose	Dec 1, 1998	4.15-4.70%	\$ 890,000
Essential corporate purpose	Oct 1, 1999	4.80-5.10	430,000
General and essential corporate purpose	Jul 1, 2001	4.10-4.80	535,000
General corporate purpose	Oct 15, 2004	2.20-4.20	1,035,000
Total			
General obligation capital loan notes:			
General obligation capital loan	Oct 1, 2003	1.65-4.00%	\$ 540,000
General obligation capital loan refunding	Nov 1, 2004	2.20-3.00	315,000
Total			
Revenue capital loan notes:			
Sewer refunding	Nov 1, 2003	1.70-4.00%	\$ 1,015,000
Sewer	May 28, 2008	2.65-4.20	2,145,000
Total			
Revenue bonds:			
Electric	Dec 1, 1998	4.25-4.45%	\$ 610,000
Water	Oct 1, 2003	2.75-4.00	280,000
Total			
Sewer revenue capital loan anticipation project notes	May 28, 2008	3.10	758,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
485,000	-	70,000	415,000	21,685
95,000	-	45,000	50,000	4,822
240,000	-	45,000	195,000	11,033
900,000	-	75,000	825,000	32,560
<b>\$ 1,720,000</b>	<b>-</b>	<b>235,000</b>	<b>1,485,000</b>	<b>70,100</b>
420,000	-	50,000	370,000	14,538
185,000	-	60,000	125,000	5,190
<b>\$ 605,000</b>	<b>-</b>	<b>110,000</b>	<b>495,000</b>	<b>19,728</b>
685,000	-	90,000	595,000	24,015
-	2,145,000	-	2,145,000	-
<b>\$ 685,000</b>	<b>2,145,000</b>	<b>90,000</b>	<b>2,740,000</b>	<b>24,015</b>
105,000	-	50,000	55,000	5,047
195,000	-	30,000	165,000	6,905
<b>\$ 300,000</b>	<b>-</b>	<b>80,000</b>	<b>220,000</b>	<b>11,952</b>
-	758,000	-	758,000	-

City of Carlisle  
Bond and Note Maturities  
June 30, 2008

Year Ending June 30,	General Obligation Bonds							
	Issued Dec 1, 1998		Issued Oct 1, 1999		Issued Jul 1, 2001		Issued Oct 15, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	4.30%	\$ 75,000	5.10%	\$ 50,000	4.50%	\$ 45,000	2.80%	\$ 80,000
2010	4.40	80,000	-	-	4.60	50,000	3.20	80,000
2011	4.50	85,000	-	-	4.70	50,000	3.40	85,000
2012	4.60	85,000	-	-	4.80	50,000	3.60	85,000
2013	4.70	90,000	-	-	-	-	3.75	90,000
2014	-	-	-	-	-	-	3.85	95,000
2015	-	-	-	-	-	-	4.00	100,000
2016	-	-	-	-	-	-	4.10	105,000
2017	-	-	-	-	-	-	4.20	105,000
Total		<u>\$ 415,000</u>		<u>\$ 50,000</u>		<u>\$ 195,000</u>		<u>\$ 825,000</u>

Year Ending June 30,	Revenue Capital Loan Notes				
	Issued Nov 1, 2003		Issued May 28, 2008		Total
	Interest Rates	Amount	Interest Rates	Amount	
2009	3.10%	\$ 90,000		\$ -	90,000
2010	3.30	95,000	2.65%	90,000	185,000
2011	3.50	95,000	2.90	95,000	190,000
2012	3.75	100,000	3.15	90,000	190,000
2013	3.90	105,000	3.30	90,000	195,000
2014	4.00	110,000	3.45	95,000	205,000
2015	-	-	3.60	155,000	155,000
2016	-	-	3.70	160,000	160,000
2017	-	-	3.80	170,000	170,000
2018	-	-	3.90	175,000	175,000
2019	-	-	4.00	185,000	185,000
2020	-	-	4.05	195,000	195,000
2021	-	-	4.10	205,000	205,000
2022	-	-	4.15	215,000	215,000
2023	-	-	4.20	225,000	225,000
Total		<u>\$ 595,000</u>		<u>\$ 2,145,000</u>	<u>2,740,000</u>

See accompanying independent auditor's report.



City of Carlisle

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Six Years

	2008	2007	2006	2005
Receipts:				
Property tax	\$ 1,234,492	1,224,101	1,173,326	1,073,994
Tax increment financing	24,629	-	22,886	21,800
Other city tax	14,614	15,994	16,809	14,345
Licenses and permits	41,854	37,643	99,885	60,726
Use of money and property	51,838	59,702	43,293	40,466
Intergovernmental	364,052	398,418	375,991	1,031,293
Charges for service	358,083	355,109	355,014	251,729
Special assessments	13,728	17,539	22,153	22,777
Miscellaneous	123,907	279,504	291,774	278,245
<b>Total</b>	<b>\$ 2,227,197</b>	<b>2,388,010</b>	<b>2,401,131</b>	<b>2,795,375</b>
Disbursements:				
Operating:				
Public safety	\$ 772,908	604,041	578,902	576,172
Public works	551,279	474,361	443,500	456,976
Health and social services	2,265	2,265	2,357	2,062
Culture and recreation	528,028	395,143	389,963	245,198
Community and economic development	10,683	29,545	24,301	31,573
General government	117,073	99,098	179,024	134,841
Debt service	437,228	443,688	438,610	681,267
Capital projects	59,358	71,428	266,664	1,842,637
<b>Total</b>	<b>\$ 2,478,822</b>	<b>2,119,569</b>	<b>2,323,321</b>	<b>3,970,726</b>

See accompanying independent auditor's report.

2004	2003
1,021,511	992,648
18,597	19,001
16,138	13,389
49,296	51,173
23,999	47,053
617,781	378,410
222,396	211,970
40,360	40,369
178,546	104,090
<u>2,188,624</u>	<u>1,858,103</u>

637,225	530,542
442,841	415,834
2,452	1,224
229,366	238,693
26,387	22,667
119,916	129,550
592,915	303,553
1,363,375	396,976
<u>3,414,477</u>	<u>2,039,039</u>

**City of Carlisle**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 8, 2008. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in 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, including a deficiency we consider to be a material weakness.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Carlisle's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Carlisle's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Carlisle'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 the City of Carlisle and other parties to whom the City of Carlisle may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 8, 2008

City of Carlisle

Schedule of Findings

Year ended June 30, 2008

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

One individual has control over each of the following areas:

- (1) Receipts – collecting, depositing, posting and reconciling (Aquatic Center, Friends of the Library and Volunteer Fire Department accounts).
- (2) Disbursements – posting and reconciling (Friends of the Library and Volunteer Fire Department accounts).

In addition, for the Volunteer Fire Department accounts, bank reconciliations were not performed and checks were signed in advance.

At the Aquatic Center, a periodic inventory count is not performed by a person independent of the custody and record keeping for inventory.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Aquatic Center, the Friends of the Library and the Volunteer Fire Department should review their operating procedures to obtain the maximum internal control possible under the circumstances. At the Aquatic Center, a periodic inventory should be performed by a person independent of the person who has custody and performs record keeping duties for inventory. Additionally, for the Volunteer Fire Department accounts, bank reconciliations should be performed and checks should not be signed in advance. Those procedures should be incorporated into an accounting policies and procedures manual.

Response – The Fire Department is reconciling bank statements, is no longer signing checks in advance and another person is reviewing receipts and disbursements as requested. The Friends of the Library have been reminded again and they will have someone review their transactions. An independent person will also count inventory at the Aquatic Center and compare the amount of inventory sold to the receipts deposited.

Conclusion – Response accepted.

- (B) Lack of Written Policies and Procedures – The City currently does not have written policies for the issuance of City provided credit cards and store lines of credit. In addition, for certain store lines of credit, the City does not limit the purchasing capabilities on lines of credit to key personnel.

City of Carlisle

Schedule of Findings

Year ended June 30, 2008

While the City has adopted a written disaster recovery plan, certain items were not included in the plan. Specifically, the plan does not include an inventory of all essential software systems, a requirement that supplies and relevant use manuals and other documentation be located offsite, and does not contain a requirement to test the plan.

Recommendation – The City should develop written policies and procedures for City provided credit cards and store lines of credit. Additionally, for store lines of credit, the City should limit the purchasing capabilities on lines of credit to key personnel. Also, the City should include the above noted items in its written disaster recovery plan.

Response – We are working on a credit card policy and will present it to the Council. It is very difficult to limit the purchasing capabilities to supervisors, as they usually don't have time to go pick-up something in person. The Purchase Orders for the purchases are always signed by the supervisor. We will keep working on the disaster recovery plan.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of Carlisle

Schedule of Findings

Year ended June 30, 2008

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amount budgeted in the community and economic development function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Staff will monitor disbursements to make sure they do not exceed the budget.

Conclusion – Response accepted.

- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Drew Merrifield, Council Member, member of the Volunteer Fire Department	Fire report processing	\$ 1,236
Jim Shoning, Fire Department Administrative Assistant, owner of Carlisle Photo	Computer and photography supplies	1,332

These transactions do not appear to represent conflicts of interest since they were less than \$1,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- (6) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

For eight of twelve Council meetings tested, minutes were not published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should publish minutes as required.

City of Carlisle

Schedule of Findings

Year ended June 30, 2008

Response – Publication deadline for the local newspaper was moved back from Monday before publication date to Friday before publication date. Staff will strive to meet the new publication date.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (8) Revenue Bonds and Notes – The City did not deposit \$284,787.50 of the note proceeds to the reserve account to comply with the reserve account requirement.

Recommendation – The City should make a corrective transfer to properly record the note proceeds required to be deposited to the reserve account.

Response – The transfer to the reserve account has been completed.

Conclusion – Response accepted.

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City of Carlisle

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager  
Jennifer Campbell, CPA, Senior Auditor II  
Mike P. Piehl, Senior Auditor  
Jennifer M. Kopp, Assistant Auditor  
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Andrew E. Nielsen, CPA  
Deputy Auditor of State