

CARLISLE COMMUNITY SCHOOL DISTRICT
CARLISLE, IOWA

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

JUNE 30, 2008

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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 2007 Election)		
Ann Polito	President	2009
John Judisch	Vice President	2007
Mark Randleman	Board Member	2007
Michelle Tish	Board Member	2008
Rob Joiner	Board Member	2008
<u>Board of Education</u>		
(After September 2007 Election)		
Ann Polito	President	2009
Rob Joiner	Vice President	2008
Michelle Tish	Board Member	2008
John Judisch	Board Member	2009
Mark Randleman	Board Member	2009
<u>School Officials</u>		
Dr. Tom Lane	Superintendent	2011
Jean Flaws	District Secretary/Treasurer	2008
Ron Peeler	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, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's officials. 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, 2008, 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 23, 2008 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 other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 through 16 and 50 through 51 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, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in 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 23, 2008

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, 2008. 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 \$11,642,350 in fiscal year 2007 to \$13,811,275 in fiscal year 2008, while General Fund expenditures increased from \$11,581,271 in fiscal year 2007 to \$14,260,507 in fiscal year 2008. The General Fund balance as of June 30, 2008 was \$2,329,869 compared to \$2,552,968 at June 30, 2007.
- The increase in General Fund revenues was attributable to an increase in enrollment of 120 students in fiscal year 2007 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, additional repairs & maintenance and the opening of the new middle school in the fall of 2007.
- The district approved an equipment purchase loan note totaling \$230,000, to be funded through the general fund. Payments began during fiscal year 2008 and will end July 2011.

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.

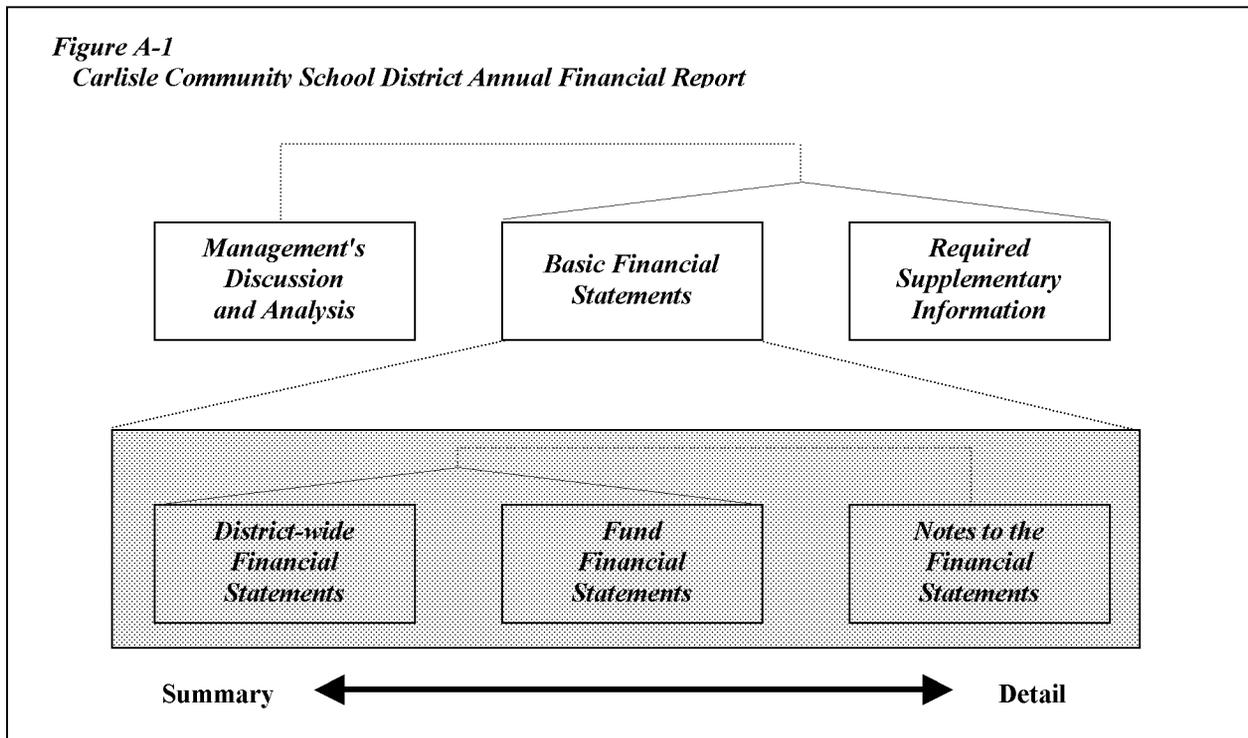


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents 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 three enterprise funds, the School Nutrition Fund, the Building Trades Fund, and the Adult Education Fund.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust funds.
 - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund and the Carlisle Empowering Foundation.

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, 2008.

Figure A-3 Condensed Statement of Net Assets	Governmental		Business-type		Total		Total
	Activities		Activities		School District		% Change
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	8,914,917	9,184,516	156,803	216,717	9,071,720	9,401,233	-3.50%
Capital assets	19,373,872	18,743,057	217,456	16,693	19,591,328	18,759,750	4.43%
Total assets	28,288,789	27,927,573	374,259	233,410	28,663,048	28,160,983	1.78%
Long-term obligations	12,049,687	12,559,438			12,049,687	12,559,438	-4.05%
Other liabilities	5,167,226	5,171,295	54,369	49,168	5,221,595	5,220,463	.02%
Total liabilities	17,216,913	17,730,733	54,369	49,168	17,271,282	17,779,901	-2.86%
Net assets:							
Invested in capital assets,							
net of related debt	8,228,872	7,568,381	217,456	16,693	8,446,328	7,585,074	11.35%
Restricted	1,256,238	978,496			1,256,238	978,496	28.38%
Unrestricted	1,586,766	1,649,962	102,434	167,549	1,689,200	1,817,511	-7.06%
Total net assets	11,071,876	10,196,839	319,890	184,242	11,391,766	10,381,081	9.73%

The District's combined net assets were \$11,391,766 at June 30, 2008.

Changes in net assets – Figure A-4 shows the changes in net assets for the year ended June 30, 2008. 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 76 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 %
	2008	2007	2008	2007	2008	2007	Change 2007-08
	Revenues:						
Program revenues:							
Charges for service and sales	862,462	797,670	599,457	667,090	1,461,919	1,464,760	-0.2%
Operating grants, contributions and restricted interest	2,008,092	1,342,725	226,714	196,324	2,234,806	1,539,049	45.2%
Capital grants, contributions and restricted interest	52,465	547,535			52,465	547,535	-90.4%
General revenues:							
Property and other taxes	5,186,737	4,524,612			5,186,737	4,524,612	5.0%
Unrestricted state grants	8,242,173	7,235,028			8,242,173	7,235,028	14.7%
Unrestricted investment earnings	103,064	340,487	2,658	995	105,722	341,482	-69.0%
Capital Contributions			221,686		221,686		
Other	159,925	79,411			159,925	79,411	101.4%
Total revenues	16,614,918	14,867,468	1,050,515	864,409	17,665,433	15,731,877	12.3%
Program expenses:							
Governmental activities:							
Instruction	9,043,148	7,999,173	3,410	2,217	9,046,558	8,001,390	13.1%
Support services	5,066,567	3,995,112	4,518	9,091	5,071,085	4,004,203	26.6%
Non-instructional programs			906,939	843,414	906,939	843,414	7.5%
Other expenses	1,630,166	1,231,349			1,630,166	1,231,349	32.4%
Total expenses	15,739,881	13,225,634	914,867	854,722	16,654,748	14,080,356	18.3%
Change in net assets	875,037	1,641,834	135,648	9,687	1,010,685	1,651,521	-38.8%

Governmental Activities

Revenues for governmental activities were \$16,614,918 and expenses were \$15,739,881.

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	9,043,148	6,777,756
Support services	5,066,567	5,032,559
Other expenses	1,630,166	1,006,547
Totals	15,739,881	12,816,862

- The cost financed by users of the District's programs was \$862,462.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,060,557.
- The remaining cost of governmental activities was financed with \$5,186,737 in property and other taxes, \$8,242,173 in state foundation aid, \$103,064 in interest income and \$159,925 in miscellaneous revenues.

Business-Type Activities

Revenues and capital contributions of the District's business-type activities were \$1,050,515 and expenses were \$914,867. 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 a 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 \$3,883,041.

Governmental Fund Highlights

- The District's financial position remains in good condition. The school board has emphasized they wish to maintain at least a 3 month reserve as a back up in case of future cuts.
- The General Fund balance decreased from \$2,552,968 to \$2,329,869.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from \$96,615 in fiscal 2007 to \$71,387 in fiscal 2008. The voter approved \$1.00 PPEL levy ended June 30, 2007. Patrons voted to re-instate the voter approved PPEL levy in the amount of \$1.34 effective July 1, 2008.
- 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. A new middle school facility funded through general obligation bonds was completed in the fall of 2007. The fund balance at the end of FY08 was \$568,056.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$66,358 at June 30, 2007 to \$246,736 at June 30, 2008.

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 revenues were \$2,566,359 more than the total budgeted revenues, a variance of 17 %.

Total expenditures were less than budgeted by \$1,035,823, 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.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2008, the District had invested \$19,591,328 net of accumulated depreciation of \$5,215,198, 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 \$577,067.

The original cost of the District's capital assets was \$24,806,526. Governmental funds account for \$24,377,073 with the remainder of \$429,453 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 middle school project and the Hartford fire safety project in the amounts of \$10,025,007 and \$100,000, respectively.

Figure A-6						
Capital Assets, net of Depreciation						
	Governmental Activities		Business-type Activities		Total School District	
	2008	2007	2008	2007	2008	2007
Land	831,177	831,177			831,177	831,177
Construction in progress		9,167,338				9,167,338
Buildings	17,990,653	8,323,722			17,990,653	8,323,722
Improvements other than buildings						
Furniture and equipment	552,042	420,820	217,456	16,693	769,498	437,513
Totals	19,373,872	18,743,057	217,456	16,693	19,591,328	18,759,750

Long-Term Liabilities

At June 30, 2008, the District had \$12,049,687 in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of approximately 4.05% 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 due in FY 2026.

The district took out a \$230,000 School Equipment Purchase Note on August 15, 2007 to purchase technology equipment. The general fund is providing the resources for repayment beginning in January, 2008 and ending in July, 2011.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	2008	2007	2007-2008
Notes payable	230,000		
General obligation bonds	8,870,000	9,000,000	-0.01444
Revenue bonds	2,045,000	2,435,000	-0.16016
Early retirement	902,029	1,115,383	-0.19128
Compensated absences	2,658	9,055	-0.70646
Totals	12,049,687	12,559,438	-0.04058

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 experienced a decrease in enrollment by 32 students for the 2008-2009 school year. Enrollment for the 2009-2010 school year is anticipated to remain similar to the numbers for the 2008-2009 school year.
- The District evaluated the condition of its transportation vehicles and determined that one bus would be added to the district's fleet in FY09. With the variable enrollment numbers, 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 FY09.
- 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. The State Legislature passed legislation for a statewide penny in the spring of 2008. The legislation will replace the previous local option sales tax as their 10 year periods end. The statewide penny will increase the per pupil calculation for the district allowing for more money to be invested in infrastructure projects allowed by the Revenue Purpose Statement which was approved by the voters on Sept. 9, 2008.
- The district is funding new technology equipment purchased in 2008-2009 with general obligation school capital loan notes in the amount of \$443,000 dated August 1, 2008. Repayment begins January, 2009 and ends July, 2012 with voter approved PPEL funds as the funding source.
- The District is proceeding with infrastructure renovation projects at Hartford and high school buildings. Planning will begin during the 2008-09 school year with work to begin at the close of the 2008-2009 school year. These projects will be funded with the statewide penny funds. Anticipated completion date is by the fall of 2010.

Contacting the District's Financial Management

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

Basic Financial Statements

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 4,576,638	\$ 140,294	\$ 4,716,932
Receivables:			
Property tax:			
Current year	48,495	-	48,495
Succeeding year	3,710,000	-	3,710,000
Accounts	841	-	841
Due from other governments	578,943	-	578,943
Inventories	-	16,509	16,509
Capital assets, net of accumulated depreciation (note 4)	19,373,872	217,456	19,591,328
Total assets	28,288,789	374,259	28,663,048
Liabilities			
Accounts payable	80,092	8,057	88,149
Salaries and benefits payable	1,215,827	33,953	1,249,780
Accrued interest payable	161,307	-	161,307
Deferred revenue:			
Succeeding year property tax	3,710,000	-	3,710,000
Other	-	12,359	12,359
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	205,294	-	205,294
Notes payable	57,500	-	57,500
Bonds payable	735,000	-	735,000
Compensated absences	2,658	-	2,658
Portion due after one year:			
Early retirement	696,735	-	696,735
Notes payable	172,500	-	172,500
Bonds payable	10,180,000	-	10,180,000
Total liabilities	17,216,913	54,369	17,271,282

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2008

	<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	\$ 8,228,872	\$ 217,456	\$ 8,446,328
Restricted for:			
Physical plant and equipment levy	71,387	-	71,387
Other special revenue purposes	117,350	-	117,350
Debt service	499,445	-	499,445
Capital projects	568,056	-	568,056
Unrestricted	<u>1,586,766</u>	<u>102,434</u>	<u>1,689,200</u>
Total net assets	<u>\$ 11,071,876</u>	<u>\$ 319,890</u>	<u>\$ 11,391,766</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

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	\$ 6,350,219	\$ 432,820	\$ 1,224,752	\$ -
Special instruction	1,741,725	65,875	121,245	-
Other instruction	951,204	360,845	59,855	-
	<u>9,043,148</u>	<u>859,540</u>	<u>1,405,852</u>	<u>-</u>
Support services:				
Student services	551,834	-	7,074	-
Instructional staff services	323,160	-	11,984	-
Administration services	2,011,938	-	-	-
Operation and maintenance of plant services	1,557,697	1,784	-	-
Transportation services	621,938	1,138	12,028	-
	<u>5,066,567</u>	<u>2,922</u>	<u>31,086</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	91,629	-	-	52,465
Long-term debt interest and fiscal charges	509,307	-	-	-
AEA flowthrough	571,154	-	571,154	-
Depreciation (unallocated) *	458,076	-	-	-
	<u>1,630,166</u>	<u>-</u>	<u>571,154</u>	<u>52,465</u>
Total governmental activities	<u>15,739,881</u>	<u>862,462</u>	<u>2,008,092</u>	<u>52,465</u>
Business-Type Activities:				
Instruction:				
Purchased services	<u>3,410</u>	<u>10,175</u>	<u>-</u>	<u>-</u>
Support services:				
Purchased services	2,428	-	-	-
Supplies	<u>2,090</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,518</u>	<u>-</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,692,647)	\$ -	\$ (4,692,647)
(1,554,605)	-	(1,554,605)
(530,504)	-	(530,504)
(6,777,756)	-	(6,777,756)
(544,760)	-	(544,760)
(311,176)	-	(311,176)
(2,011,938)	-	(2,011,938)
(1,555,913)	-	(1,555,913)
(608,772)	-	(608,772)
(5,032,559)	-	(5,032,559)
(39,164)	-	(39,164)
(509,307)	-	(509,307)
-	-	-
(458,076)	-	(458,076)
(1,006,547)	-	(1,006,547)
(12,816,862)	-	(12,816,862)
-	6,765	6,765
-	(2,428)	(2,428)
-	(2,090)	(2,090)
-	(4,518)	(4,518)

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Business-Type Activities:				
Non-instructional programs:				
Food service operations	\$ 668,981	\$ 399,026	\$ 226,714	\$ -
Other	237,958	190,256	-	-
	<u>906,939</u>	<u>589,282</u>	<u>226,714</u>	<u>-</u>
Total business-type activities	<u>914,867</u>	<u>599,457</u>	<u>226,714</u>	<u>-</u>
Total	<u>\$ 16,654,748</u>	<u>\$ 1,461,919</u>	<u>\$ 2,234,806</u>	<u>\$ 52,465</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

Capital contributions

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>		<u>Total</u>
\$	-	\$ (43,241)	\$	(43,241)
	-	(47,702)		(47,702)
	-	(90,943)		(90,943)
	-	(88,696)		(88,696)
	<u>(12,816,862)</u>	<u>(88,696)</u>		<u>(12,905,558)</u>
\$	3,266,811	-	\$	3,266,811
	680,618	-		680,618
	66,415	-		66,415
	1,172,893	-		1,172,893
	8,242,173	-		8,242,173
	103,064	2,658		105,722
	-	221,686		221,686
	159,925	-		159,925
	<u>13,691,899</u>	<u>224,344</u>		<u>13,916,243</u>
	875,037	135,648		1,010,685
	<u>10,196,839</u>	<u>184,242</u>		<u>10,381,081</u>
\$	<u><u>11,071,876</u></u>	<u><u>319,890</u></u>	\$	<u><u>11,391,766</u></u>

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	\$ 3,432,567	\$ 652,537	\$ 476,261	\$ 4,561,365
Receivables:				
Property tax:				
Current year	35,238	8,215	5,042	48,495
Succeeding year	2,485,000	593,000	632,000	3,710,000
Accounts	841	-	-	841
Due from other governments	163,212	-	415,731	578,943
Total assets	\$ 6,116,858	\$ 1,253,752	\$ 1,529,034	\$ 8,899,644
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 78,259	\$ -	\$ 1,833	\$ 80,092
Salaries and benefits payable	1,213,046	-	2,781	1,215,827
Deferred revenue:				
Succeeding year property tax	2,485,000	593,000	632,000	3,710,000
Other	10,684	-	-	10,684
Total liabilities	3,786,989	593,000	636,614	5,016,603
Fund balance:				
Reserved for:				
Debt service	-	660,752	-	660,752
Unreserved:				
Reported in nonmajor Special Revenue Funds	-	-	324,364	324,364
Undesignated	2,329,869	-	568,056	2,897,925
Total fund balances	2,329,869	660,752	892,420	3,883,041
Total liabilities and fund balances	\$ 6,116,858	\$ 1,253,752	\$ 1,529,034	\$ 8,899,644

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances of governmental funds	\$ 3,883,041
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.	19,373,872
Other long-term assets, including grant revenues receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	10,684
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.	15,273
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.	(161,307)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(12,049,687)</u>
Net assets of governmental activities	<u>\$ 11,071,876</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, 2008

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 2,913,812	\$ 680,128	\$ 1,589,900	\$ 5,183,840
Tuition	393,000	-	-	393,000
Other	311,630	13,276	467,083	791,989
Intermediate sources	27,291	-	-	27,291
State sources	9,939,403	490	301	9,940,194
Federal sources	226,139	-	52,465	278,604
Total revenues	<u>13,811,275</u>	<u>693,894</u>	<u>2,109,749</u>	<u>16,614,918</u>
Expenditures:				
Current:				
Instruction	8,639,187	-	585,369	9,224,556
Support services:				
Student services	547,931	-	-	547,931
Instructional staff services	323,161	-	-	323,161
Administration services	1,996,028	-	105,197	2,101,225
Operation and maintenance of plant services	1,560,456	-	61,504	1,621,960
Transportation services	622,590	-	21,005	643,595
	<u>5,050,166</u>	<u>-</u>	<u>187,706</u>	<u>5,237,872</u>
Other expenditures:				
Facilities acquisition	-	-	1,050,244	1,050,244
Long term debt:				
Principal	-	520,000	-	520,000
Interest and fiscal charges	-	449,592	-	449,592
AEA flowthrough	571,154	-	-	571,154
	<u>571,154</u>	<u>969,592</u>	<u>1,050,244</u>	<u>2,590,990</u>
Total expenditures	<u>14,260,507</u>	<u>969,592</u>	<u>1,823,319</u>	<u>17,053,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(449,232)</u>	<u>(275,698)</u>	<u>286,430</u>	<u>(438,500)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses):				
Interfund transfers in (note 3)	\$ -	\$ 413,340	\$ -	\$ 413,340
Interfund transfers out (note 3)	(3,867)	-	(409,473)	(413,340)
Equipment notes issued	230,000	-	-	230,000
Total other financing sources (uses)	<u>226,133</u>	<u>413,340</u>	<u>(409,473)</u>	<u>230,000</u>
Net change in fund balances	(223,099)	137,642	(123,043)	(208,500)
Fund balances beginning of year	<u>2,552,968</u>	<u>523,110</u>	<u>1,015,463</u>	<u>4,091,541</u>
Fund balances end of year	<u>\$ 2,329,869</u>	<u>\$ 660,752</u>	<u>\$ 892,420</u>	<u>\$ 3,883,041</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, 2008

Net change in fund balances - total governmental funds \$ (208,500)

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 not 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	\$ 1,186,959	
Depreciation expense	<u>(556,144)</u>	630,815

The net gain in the Internal Service Fund represents an overcharge to governmental activities. 1,742

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (230,000)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 520,000

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. (58,771)

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 the governmental funds. 219,751

Change in net assets of governmental activities \$ 875,037

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Enterprise Funds			Internal Service Fund
	School Nutrition	Non-Major Enterprise	Total	
Assets				
Cash and cash equivalents	\$ 59,113	\$ 81,181	\$ 140,294	\$ 15,273
Inventories	16,509	-	16,509	-
Capital assets, net of accumulated depreciation (note 4)	217,456	-	217,456	-
Total assets	<u>293,078</u>	<u>81,181</u>	<u>374,259</u>	<u>15,273</u>
Liabilities				
Accounts payable	30	8,027	8,057	-
Salaries and benefits payable	33,953	-	33,953	-
Deferred revenue	12,359	-	12,359	-
Total liabilities	<u>46,342</u>	<u>8,027</u>	<u>54,369</u>	<u>-</u>
Net Assets				
Invested in capital assets	217,456	-	217,456	-
Unrestricted	29,280	73,154	102,434	15,273
Total net assets	<u>\$ 246,736</u>	<u>\$ 73,154</u>	<u>\$ 319,890</u>	<u>\$ 15,273</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2008

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
Operating revenues:				
Local sources:				
Charges for services	\$ 399,026	\$ 200,431	\$ 599,457	\$ 59,012
Operating expenses:				
Instruction:				
Purchased services	-	3,410	3,410	57,270
Support services:				
Purchased services	-	2,428	2,428	-
Supplies	-	2,090	2,090	-
	-	4,518	4,518	-
Non-instructional programs:				
Salaries	214,606	-	214,606	-
Benefits	75,522	-	75,522	-
Purchased services	2,611	535	3,146	-
Supplies	353,292	236,697	589,989	-
Depreciation	20,923	-	20,923	-
Other	2,027	726	2,753	-
	668,981	237,958	906,939	-
Total expenses	668,981	245,886	914,867	57,270
Operating income (loss)	(269,955)	(45,455)	(315,410)	1,742
Non-operating revenues:				
Interest on investments	1,933	725	2,658	-
Capital contributions from other funds	221,686	-	221,686	-
State sources	8,047	-	8,047	-
Federal sources	218,667	-	218,667	-
Total non-operating revenues	450,333	725	451,058	-
Change in net assets	180,378	(44,730)	135,648	1,742
Net assets beginning of year	66,358	117,884	184,242	13,531
Net assets end of year	\$ 246,736	\$ 73,154	\$ 319,890	\$ 15,273

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2008

	Enterprise Funds		Total	Internal Service Fund
	School Nutrition	Non-Major Enterprise		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 393,405	\$ -	\$ 393,405	\$ -
Cash received from miscellaneous operating activities	9,811	207,931	217,742	59,012
Cash payments to employees for services	(283,334)	-	(283,334)	(57,270)
Cash payments to suppliers for goods or services	(325,270)	(251,614)	(576,884)	-
Net cash provided by (used in) operating activities	(205,388)	(43,683)	(249,071)	1,742
Cash flows from non-capital financing activities:				
State grants received	8,047	-	8,047	-
Federal grants received	182,305	-	182,305	-
Net cash provided by non-capital financing activities	190,352	-	190,352	-
Cash flows from investing activities:				
Interest on investments	1,933	725	2,658	-
Net increase (decrease) in cash and cash equivalents	(13,103)	(42,958)	(56,061)	1,742
Cash and cash equivalents beginning of year	72,216	124,139	196,355	13,531
Cash and cash equivalents end of year	\$ 59,113	\$ 81,181	\$ 140,294	\$ 15,273

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2008

	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)	\$ (269,955)	\$ (45,455)	\$ (315,410)	\$ 1,742
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	20,923	-	20,923	-
Commodities used	36,362	-	36,362	-
Decrease in accounts receivable	40	7,500	7,540	-
(Increase) in inventories	(3,687)	-	(3,687)	-
(Decrease) in accounts payable	(15)	(5,728)	(5,743)	-
Increase in salaries and benefits payable	6,794	-	6,794	-
Increase in deferred revenue	4,150	-	4,150	-
Net cash provided by (used in) operating activities	\$ <u>(205,388)</u>	\$ <u>(43,683)</u>	\$ <u>(249,071)</u>	\$ <u>1,742</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received \$36,362 of federal commodities. The District also received equipment valued at \$221,686 contributed to the Enterprise Fund, School Nutrition Fund from the Capital Projects Fund.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2008

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>24,880</u>
Liabilities:	
None	<u>-</u>
Net assets:	
Reserved for scholarships	\$ <u><u>24,880</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2008

		<u>Private Purpose Trust</u>
		<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 6,865	
Interest	301	
Total additions		<u>7,166</u>
Deductions:		
Instruction:		
Supplies		<u>5,149</u>
Change in net assets		2,017
Net assets beginning of year		<u>22,863</u>
Net assets end of year	\$	<u><u>24,880</u></u>
See notes to financial statements.		

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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, 2008

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 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 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 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, 2008

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.

The 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, 2008

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.

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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

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, 2008

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	40-50 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 other receivables not collected within sixty days after year end.

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, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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.

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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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. Net assets restricted through enabling legislation as of June 30, 2008 consists of \$1,256,238.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks 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 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, 2008

Note 2. Cash and Pooled Investments (continued)

At June 30, 2008, the District had various investments as follows:

	<u>Amortized Cost</u>
Iowa Schools Joint Investment Trust, Diversified Portfolio	\$ 517,687
Money market mutual funds	<u>766,330</u>
	<u>\$ 1,284,017</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, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 3,867
	Capital Projects	<u>409,473</u>
Total		<u>\$ 413,340</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, 2008

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 831,177	\$ -	\$ -	\$ 831,177
Construction in progress	9,167,338	957,669	10,125,007	-
Total capital assets not being depreciated	<u>9,998,515</u>	<u>957,669</u>	<u>10,125,007</u>	<u>831,177</u>
Capital assets being depreciated:				
Buildings	11,696,800	10,125,007	-	21,821,807
Furniture and equipment	1,568,880	229,290	74,081	1,724,089
Total capital assets being depreciated	<u>13,265,680</u>	<u>10,354,297</u>	<u>74,081</u>	<u>23,545,896</u>
Less accumulated depreciation for:				
Buildings	3,373,078	458,076	-	3,831,154
Furniture and equipment	1,148,060	98,068	74,081	1,172,047
Total accumulated depreciation	<u>4,521,138</u>	<u>556,144</u>	<u>74,081</u>	<u>5,003,201</u>
Total capital assets being depreciated, net	<u>8,744,542</u>	<u>9,798,153</u>	<u>-</u>	<u>18,542,695</u>
Governmental activities capital assets, net	<u>\$ 18,743,057</u>	<u>\$ 10,755,822</u>	<u>\$ 10,125,007</u>	<u>\$ 19,373,872</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 4. Capital Assets (continued)

	Beginning of Year	Increases	Decreases	End of Year
Business-type activities:				
Furniture and equipment	\$ 207,767	\$ 221,686	\$ -	\$ 429,453
Less accumulated depreciation	191,074	20,923	-	211,997
Business-type activities capital assets, net	<u>\$ 16,693</u>	<u>\$ 200,763</u>	<u>\$ -</u>	<u>\$ 217,456</u>

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

Instruction:		
Regular		\$ 6,608
Support services:		
Instructional staff		3,902
Administration		13,697
Operation and maintenance of plant services		15,517
Transportation		58,344
		<u>98,068</u>
Unallocated depreciation		<u>458,076</u>
Total governmental activities depreciation expense		<u>\$ 556,144</u>
Business-type activities:		
Food service operations		<u>\$ 20,923</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Early Retirement	Notes Payable	General Obligation Bonds	Local Option Sales and Services Tax Revenue Bonds	Compensated Absences	Total
Balance beginning of year	\$ 1,115,383	\$ -	\$ 9,000,000	\$ 2,435,000	\$ 9,055	\$ 12,559,438
Additions	-	230,000	-	-	2,658	232,658
Reductions	213,354	-	130,000	390,000	9,055	742,409
Balance end of year	<u>\$ 902,029</u>	<u>\$ 230,000</u>	<u>\$ 8,870,000</u>	<u>\$ 2,045,000</u>	<u>\$ 2,658</u>	<u>\$ 12,049,687</u>
Due within one year	<u>\$ 205,294</u>	<u>\$ 57,500</u>	<u>\$ 335,000</u>	<u>\$ 400,000</u>	<u>\$ 2,658</u>	<u>\$ 1,000,452</u>

Early Retirement

For the year ended June 30, 2008, the District offered a voluntary early retirement plan to administrators who were at least age 55 years of age and had seven years of service with the District. The early retirement incentive was health insurance paid by the District at the District's single rate premium until the employee reached age 65 or otherwise became eligible for Medicare. The District had no participants in the early retirement plan for the year ended June 30, 2008.

The District has offered various early retirement incentive plans in past years. Details of these plans is available upon request at the District administrative office.

At June 30, 2008, the District had obligations to 37 participants with a total liability of \$902,029. Actual early retirement expenditures for the year ended June 30, 2008 totaled \$213,354. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Notes Payable

During the year ended June 30, 2008, the District issued \$230,000 in School Equipment Purchase Notes for the purpose of purchasing telephone and various data processing equipment. The notes have an interest rate of 4.45% and are payable through the year ending June 30, 2012.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 5. Long-Term Liabilities (continued)

Notes Payable (continued)

Details of the District's June 30, 2008 notes payable indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2009	4.45 %	\$ 57,500	\$ 8,956	\$ 66,456
2010	4.45	57,500	6,397	63,897
2011	4.45	57,500	3,838	61,338
2012	4.45	57,500	1,279	58,779
		<u>\$ 230,000</u>	<u>\$ 20,470</u>	<u>\$ 250,470</u>

Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Bond Issue dated January 1, 2006		Interest Rates	Bond Issue dated May 2006		Total	
		Principal	Interest		Principal	Interest	Principal	Interest
2009	4.00 %	\$ 180,000	\$ 177,088	3.75 %	\$ 155,000	\$ 182,130	\$ 335,000	\$ 359,218
2010	3.90	185,000	169,887	3.75	165,000	176,318	350,000	346,205
2011	3.90	195,000	162,673	3.75	170,000	170,130	365,000	332,803
2012	3.90	205,000	155,067	3.75	175,000	163,755	380,000	318,822
2013	3.90	215,000	147,072	3.75	185,000	157,192	400,000	304,264
2014	4.75	225,000	138,688	4.25	190,000	150,255	415,000	288,943
2015	4.75	235,000	128,000	5.00	200,000	142,180	435,000	270,180
2016	3.75	245,000	116,838	5.00	210,000	132,180	455,000	249,018
2017	3.80	255,000	107,650	3.80	220,000	121,680	475,000	229,330
2018	3.85	265,000	97,960	3.85	225,000	113,320	490,000	211,280
2019	3.90	275,000	87,757	3.85	240,000	104,658	515,000	192,415
2020	3.95	285,000	77,033	3.90	250,000	95,418	535,000	172,451
2021	3.95	300,000	65,775	4.00	255,000	85,667	555,000	151,442
2022	4.00	315,000	53,925	4.00	265,000	75,468	580,000	129,393
2023	4.00	325,000	41,325	4.05	280,000	64,867	605,000	106,192
2024	4.05	340,000	28,325	4.10	290,000	53,527	630,000	81,852
2025	4.10	355,000	14,555	4.15	305,000	41,638	660,000	56,193
2026		-	-	4.20	690,000	28,980	690,000	28,980
		<u>\$ 4,400,000</u>	<u>\$ 1,769,618</u>		<u>\$ 4,470,000</u>	<u>\$ 2,059,363</u>	<u>\$ 8,870,000</u>	<u>\$ 3,828,981</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 5. Long-Term Liabilities (continued)

Local Option Sales and Services Tax Revenue Bonds

Details of the District's June 30, 2008 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2009	3.00 %	\$ 400,000	\$ 66,900	\$ 466,900
2010	3.30	415,000	54,052	469,052
2011	3.50	425,000	39,768	464,768
2012	3.80	230,000	27,960	257,960
2013	4.00	185,000	19,890	204,890
2014	4.10	190,000	12,295	202,295
2015	4.20	200,000	4,200	204,200
		<u>\$ 2,045,000</u>	<u>\$ 225,065</u>	<u>\$ 2,270,065</u>

The District pledged future local option sales and services tax revenues to repay the \$3,100,000 bonds issued in 2005. The bonds were issued for the purpose of financing a portion of the costs of a new early childhood center, stadium and gymnasium. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2015. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 40 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$2,270,065. For the current year, principal and interest paid on the bonds totalled \$468,263 and total local option sales and services tax revenues were \$1,172,893.

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 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$500,804, \$419,549, and \$373,069, respectively, equal to the required contributions for each year.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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.

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 \$571,154 for the year ended June 30, 2008 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 entered into a contract totaling \$153,933 for high school bleachers. As of June 30, 2008, work had not yet begun on the project.

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 1, 2008, the District issued \$443,000 of Capital Loan Notes for the purpose of purchasing technology equipment. The Notes are payable through the fiscal year ending 2013 and have an interest rate of 3.34%.

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Required Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
 Budget and Actual – All Governmental Funds
 and Proprietary Fund
 Required Supplementary Information
 Year Ended June 30, 2008

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 6,368,829	\$ 823,801	\$ 7,192,630	\$ 5,324,560	\$ 5,324,560	\$ 1,868,070
Intermediate sources	27,291	-	27,291	10,000	10,000	17,291
State sources	9,940,194	8,047	9,948,241	9,389,514	9,389,514	558,727
Federal sources	278,604	218,667	497,271	375,000	375,000	122,271
Total revenues	16,614,918	1,050,515	17,665,433	15,099,074	15,099,074	2,566,359
EXPENDITURES/EXPENSES:						
Instruction	9,224,556	3,410	9,227,966	8,531,200	9,309,601	81,635
Support services	5,237,872	4,518	5,242,390	4,331,000	5,554,950	312,560
Non-instructional programs	-	906,939	906,939	815,400	932,400	25,461
Other expenditures	2,590,990	-	2,590,990	2,931,891	3,207,157	616,167
Total expenditures/expenses	17,053,418	914,867	17,968,285	16,609,491	19,004,108	1,035,823
Excess (deficiency) of revenues over (under) expenditures/ expenses	(438,500)	135,648	(302,852)	(1,510,417)	(3,905,034)	3,602,182
Other financing sources, net	230,000	-	230,000	-	-	230,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(208,500)	135,648	(72,852)	(1,510,417)	(3,905,034)	3,832,182
Balance beginning of year	4,091,541	184,242	4,275,783	2,571,554	2,571,554	1,704,229
Balance end of year	\$ <u>3,883,041</u>	\$ <u>319,890</u>	\$ <u>4,202,931</u>	\$ <u>1,061,137</u>	\$ <u>(1,333,480)</u>	\$ <u>5,536,411</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2008

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 by \$2,394,617.

During the year ended June 30, 2008, expenditures did not exceed the amounts budgeted.

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Other Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
Assets					
Cash and pooled investments	\$ 131,387	\$ 121,660	\$ 70,889	\$ 152,325	\$ 476,261
Receivables:					
Property tax:					
Current year	4,240	-	802	-	5,042
Succeeding year	320,000	-	312,000	-	632,000
Due from other governments	-	-	-	415,731	415,731
Total assets	\$ 455,627	\$ 121,660	\$ 383,691	\$ 568,056	\$ 1,529,034
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	\$ 1,529	\$ 304	\$ -	\$ 1,833
Salaries and benefits payable	-	2,781	-	-	2,781
Deferred revenue:					
Succeeding year property tax	320,000	-	312,000	-	632,000
Total liabilities	320,000	4,310	312,304	-	636,614
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	135,627	117,350	71,387	568,056	892,420
Total liabilities and fund equity	\$ 455,627	\$ 121,660	\$ 383,691	\$ 568,056	\$ 1,529,034

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, 2008

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	
Revenues:					
Local sources:					
Local tax	\$ 350,640	\$ -	\$ 66,367	\$ 1,172,893	\$ 1,589,900
Other	2,180	361,647	725	102,531	467,083
State sources	253	-	48	-	301
Federal sources	-	-	-	52,465	52,465
Total revenues	353,073	361,647	67,140	1,327,889	2,109,749
Expenditures:					
Current:					
Instruction	226,957	358,412	-	-	585,369
Support services:					
Administration services	105,197	-	-	-	105,197
Operation and maintenance of plant services	61,504	-	-	-	61,504
Transportation services	21,005	-	-	-	21,005
Other expenditures:					
Facilities acquisition	-	-	92,368	957,876	1,050,244
Total expenditures	414,663	358,412	92,368	957,876	1,823,319
Excess (deficiency) of revenues over (under) expenditures	(61,590)	3,235	(25,228)	370,013	286,430
Other financing sources (uses):					
Interfund transfers out	-	-	-	(409,473)	(409,473)
Net change in fund balances	(61,590)	3,235	(25,228)	(39,460)	(123,043)
Fund balances beginning of year	197,217	114,115	96,615	607,516	1,015,463
Fund balances end of year	\$ 135,627	\$ 117,350	\$ 71,387	\$ 568,056	\$ 892,420

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

 COMBINING BALANCE SHEET
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2008

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ <u>66,723</u>	\$ <u>14,458</u>	\$ <u>81,181</u>
Liabilities			
Accounts payable	<u>8,027</u>	-	<u>8,027</u>
Net Assets			
Unrestricted	\$ <u><u>58,696</u></u>	\$ <u><u>14,458</u></u>	\$ <u><u>73,154</u></u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2008

	Building and Trades	Adult Education	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 190,256	\$ 10,175	\$ 200,431
Operating expenses:			
Instruction:			
Purchased services	-	3,410	3,410
Support services:			
Purchased services	2,428	-	2,428
Supplies	2,090	-	2,090
	4,518	-	4,518
Non-instructional programs:			
Purchased services	535	-	535
Supplies	236,697	-	236,697
Other	726	-	726
	237,958	-	237,958
Total expenses	242,476	3,410	245,886
Operating income (loss)	(52,220)	6,765	(45,455)
Non-operating revenues:			
Interest on investments	601	124	725
Change in net assets	(51,619)	6,889	(44,730)
Net assets beginning of year	110,315	7,569	117,884
Net assets end of year	\$ 58,696	\$ 14,458	\$ 73,154

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

June 30, 2008

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 197,756	\$ 10,175	\$ 207,931
Cash payments to suppliers for goods or services	<u>(248,204)</u>	<u>(3,410)</u>	<u>(251,614)</u>
Net cash provided by (used in) operating activities	<u>(50,448)</u>	<u>6,765</u>	<u>(43,683)</u>
Cash flows from investing activities:			
Interest on investments	<u>601</u>	<u>124</u>	<u>725</u>
Net increase (decrease) in cash and cash equivalents	(49,847)	6,889	(42,958)
Cash and cash equivalents at beginning of year	<u>116,570</u>	<u>7,569</u>	<u>124,139</u>
Cash and cash equivalents at end of year	<u>\$ 66,723</u>	<u>\$ 14,458</u>	<u>\$ 81,181</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (52,220)	\$ 6,765	\$ (45,455)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Decrease in accounts receivable	7,500	-	7,500
(Decrease) in accounts payable	<u>(5,728)</u>	<u>-</u>	<u>(5,728)</u>
Net cash provided by (used in) operating activities	<u>\$ (50,448)</u>	<u>\$ 6,765</u>	<u>\$ (43,683)</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, 2008

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Life Touch	\$ 673	\$ 4,520	\$ 5,194	\$ (1)
Landscaping Project	(40)	-	-	(40)
Books & Buddies	182	-	-	182
FCCLA	468	2,736	1,794	1,410
Spanish	1,069	829	1,148	750
Marketing Club	1,792	-	-	1,792
High School Student Council	9,301	7,532	9,977	6,856
K-6 Book Club	3,561	17,517	16,492	4,586
7-12 Book Club	15	4,669	4,684	-
High School Annual	7,755	5,630	5,319	8,066
Color Guard	(295)	2,546	1,804	447
Cheerleading	5,904	23,242	18,499	10,647
Junior High Student Council	1,497	14,274	14,104	1,667
Junior High Yearbook	335	5,235	4,572	998
Elementary Yearbook	1,058	3,460	3,979	539
Hartford Store	775	870	1,144	501
DARE	-	-	-	-
Academic Enrichment	3,473	1,753	5,226	-
SADD	606	463	708	361
Elementary Enrichment	(930)	2,186	2,186	(930)
Middle School Enrichment	5,681	6,266	4,361	7,586
Class of '03	-	-	-	-
Class of '04	-	-	-	-
Class of '05	-	-	-	-
Class of '06	-	-	-	-
Class of '07	(233)	-	-	(233)
Class of '08	1,345	1,022	1,212	1,155
Interest	3,862	2,600	707	5,755
Act Tickets	-	-	-	-
5-6 Band Concessions	900	-	-	900
High School Concessions	-	-	-	-
Drama	714	1,192	525	1,381
Speech Club	(722)	840	840	(722)
Debate Club	-	398	398	-
High School Chorus	7,965	11,423	7,341	12,047
Musical Productions	3,437	2,185	1,562	4,060
7-12 Band	3,434	1,616	1,840	3,210
Jazz Band	-	-	-	-
All Athletics	9,323	98,991	101,777	6,537
Basketball - Girls	571	5,223	5,794	-
Basketball - Boys	7,467	14,717	8,780	13,404

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Soccer - Girls	\$ 1,042	\$ 2,108	\$ 1,414	\$ 1,736
Soccer - Boys	(22)	1,526	549	955
Track - Girls	1,822	5,937	3,652	4,107
Track - Boys	2,408	3,614	3,884	2,138
Cross Country	2,486	3,136	3,383	2,239
Weightlifting	48	3,966	1,893	2,121
Football	7,678	29,613	37,291	-
Baseball	4,317	9,360	13,591	86
Wrestling	3,028	5,755	8,783	-
Volleyball	4,348	10,463	11,017	3,794
Softball	336	15,052	14,243	1,145
Y-Camp	4,037	8,088	8,502	3,623
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	(290)	7,097	7,097	(290)
Golf - Girls	(500)	2,214	2,214	(500)
MS Conservation Team	1,334	2,019	3,353	-
Character Counts	-	2,874	966	1,908
Culture Club	-	206	206	-
Prom	-	3,253	4,407	(1,154)
Adopt-A-Classroom	-	500	-	500
Hartford Yearbook	-	931	-	931
Total	\$ 114,115	\$ 361,647	\$ 358,412	\$ 117,350

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 FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 5,183,840	\$ 4,521,969	\$ 4,306,821	\$ 4,098,804	\$ 3,468,500
Tuition	393,000	390,632	304,523	300,814	275,641
Other	791,989	879,642	678,493	547,054	489,364
Intermediate sources	27,291	-	-	-	-
State sources	9,940,194	8,323,806	7,230,151	6,538,370	6,088,413
Federal sources	278,604	740,735	202,446	197,467	181,777
Total revenues	\$ 16,614,918	\$ 14,856,784	\$ 12,722,434	\$ 11,682,509	\$ 10,503,695
Expenditures:					
Instruction	\$ 9,224,556	\$ 7,763,185	\$ 7,174,229	\$ 6,637,400	\$ 6,283,706
Support services:					
Student services	547,931	471,477	417,024	373,037	361,748
Instructional staff services	323,161	356,783	381,665	378,376	411,663
Administration services	2,101,225	1,490,702	1,267,388	1,093,941	954,351
Operation and maintenance of plant services	1,621,960	1,146,121	1,013,038	905,034	784,602
Transportation services	643,595	510,147	526,625	406,817	359,090
Other expenditures:					
Facilities acquisition	1,050,244	7,527,550	2,562,007	3,788,085	739,320
Long-term debt:					
Principal	520,000	635,000	705,000	71,759	410,000
Interest and fiscal charges	449,592	520,221	110,891	415,600	30,309
AEA flowthrough	571,154	502,822	441,409	399,159	380,453
Total expenditures	\$ 17,053,418	\$ 20,924,008	\$ 14,599,276	\$ 14,469,208	\$ 10,715,242

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Carlisle Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Carlisle Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 23, 2008. 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, including 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 I of 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 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 item I-A-08 is a material weakness.

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 and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Carlisle Community School District's operations for the year ended June 30, 2008 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. 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 23, 2008

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2008

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

I-A-08 Financial Reporting – During the audit, we identified material amounts of receivables and capital assets 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 and capital assets related to the Proprietary Fund, Food Service prior to the date of the audit.

Recommendation – The District should implement procedures to ensure all receivables and capital assets 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 capital asset adjustments and we will make the entries necessary at year end for the Proprietary Fund.

Conclusion – Response accepted.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2008

Part II: Other Findings Related to Statutory Reporting:

- II-A-08 Certified Budget – Expenditures for the year ended June 30, 2008, did not exceed the amounts budgeted.
- II-B-08 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.
- II-C-08 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-08 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Lane Construction, owned by Mark Lane, brother of Superintendent Tom Lane	Wall pads and installation	\$4,022

In accordance with Chapter 279.7A of the Code of Iowa, the transaction does not appear to represent a conflict of interest.

- II-E-08 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-08 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-I-08 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

Year Ended June 30, 2008

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

II-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 \$437.

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 about 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.