CARLISLE COMMUNITY SCHOOL DISTRICT
CARLISLE, IOWA

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

JUNE 30, 2010

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CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	Title	Term Expires
	Board of Education	
	(Before September 2009 Election)	
John Judisch	President	2009
Rob Joiner	Vice President	2011
Mark Randleman	Board Member	2009
Ann Polito	Board Member	2009
Michelle Tish	Board Member	2011
	Board of Education	
	(After September 2009 Election)	
John Judisch	President	2013
Rob Joiner	Vice President	2011
Michelle Tish	Board Member	2011
Susan James	Board Member	2013
Mark Cowan	Board Member	2013
	School Officials	
Dr. Tom Lane	Superintendent	2013
Jean Flaws	District Secretary/Treasurer	2010
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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2010 on our consideration of Carlisle Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 54 through 56 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 five years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa
October 29, 2010

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, 2010. 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 decreased slightly from $14,344,631 in fiscal year 2009 to $14,341,239 in fiscal year 2010, while General Fund expenditures also decreased slightly from $14,508,999 in fiscal year 2009 to $14,503,679 in fiscal year 2010. The General Fund balance as of June 30, 2010 was $1,901,861 compared to $2,128,198 at June 30, 2009.

- The decrease in General Fund revenues was attributable to a mid-year across the board cut from the state. The district tried to cut expenditures during the year as much as possible (increased payroll expenditures had already been built into the budget) to offset the mid-year decrease in revenue resulting in a slight decrease in expenditures.

- The district approved a general obligation school capital loan note for technology upgrades to be funded through the PPEL fund. Payments began during fiscal year 2009 and will end July 2012.

- Sales tax revenue bonds were sold on April 7, 2009 in the amount of 11,325,000 to fund remodeling and construction projects at the Hartford Upper Elementary building, the high school building and the athletic field. Repayment began in FY 2010 and will end in FY 2030.

- There was a 1.5% ATB cut in January of 2009 which amounted to $114,400 for the district. A 10% ATB cut occurred in October 2009 which meant a reduction in revenue for Carlisle in the amount of $804,000.

- The district received ARRA money for Title I, Special Ed Part B, Professional Development and Education Stabilization during fiscal year 2010.

Overview of the Financial Statements

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

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  Fund statements include the following:

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

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

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

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

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

Figure A-1
Carlisle Community School District Annual Financial Report

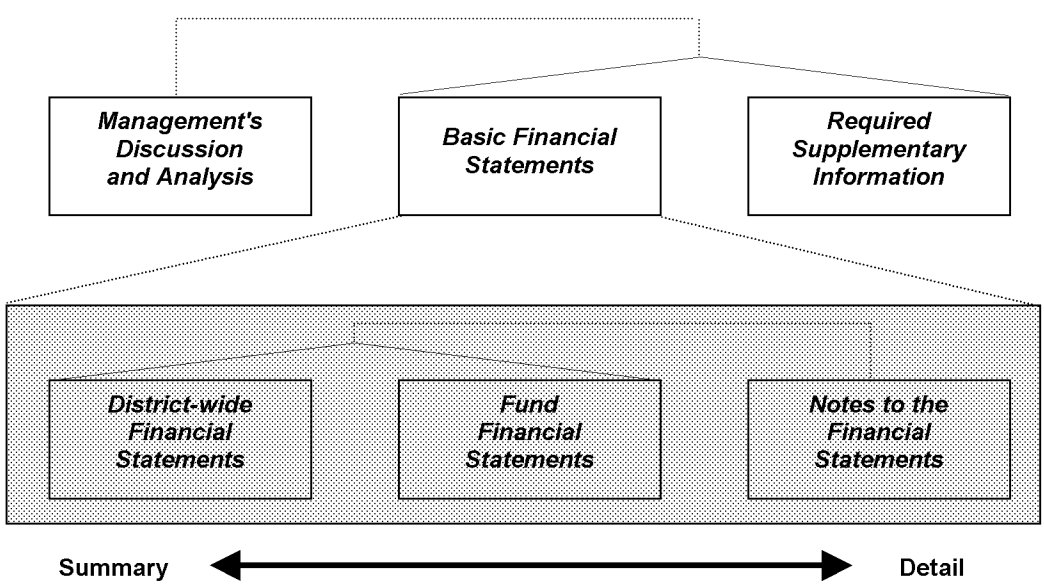

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

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

	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, Building Trades student built housing, and the Adult Education program activities are included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.

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

The District has three kinds of funds:

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

    - The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.

    - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds, the School Nutrition Fund, the Building Trades Fund, and the Adult Education Fund.

- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust funds.

    - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund 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, 2010.

Figure A-3 Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2010	2009	2010	2009	2010	2009	2009-2010
Current and other assets	14,256,078	20,989,272	166,164	136,235	14,422,242	21,125,507	-31.73%
Capital assets	27,086,428	20,691,756	498,140	205,802	27,584,568	20,897,558	32.00%
Total assets	41,342,506	41,681,028	664,304	342,037	42,006,810	42,023,065	-0.04%
Long-term obligations	21,755,043	22,862,036			21,755,043	22,862,036	-4.84%
Other liabilities	7,285,123	7,334,780	48,192	44,909	7,333,315	7,379,689	-0.63%
Total liabilities	29,040,166	30,196,816	48,192	44,909	29,088,358	30,241,725	-3.81%
Net assets:							
Invested in capital assets, net of related debt	5,899,178	7,240,020	498,140	205,802	6,397,318	7,445,822	-14.08%
Restricted	5,534,511	3,068,936			5,534,511	3,068,936	80.34%
Unrestricted	868,651	1,175,256	117,972	91,326	986,623	1,266,582	-22.10%
Total net assets	12,302,340	11,484,212	616,112	297,128	12,918,452	11,781,340	9.65%

The District's combined net assets were $12,918,452 at June 30, 2010.

Changes in net assets – Figure A-4 shows the changes in net assets for the year ended June 30, 2010. The District's improved financial position is the product of many factors. Growth due to revenue increases from increased open enrollment contributed to the change.

Property and other taxes and unrestricted state grants account for 67 percent of the total revenue. The District's expenses primarily relate to instruction and support services which account for 81 percent of the total expenses.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for service and sales	1,073,351	970,182	816,791	445,159	1,890,142	1,415,341	33.55%
Operating grants, contributions and restricted interest	3,364,122	2,233,104	259,103	235,979	3,623,225	2,469,083	46.74%
Capital grants, contributions and restricted interest	240,895		330,613		571,508		%
General revenues:							
Property and other taxes	5,645,500	5,607,994			5,645,500	5,607,994	0.67%
Unrestricted state grants	7,187,355	8,388,857			7,187,355	8,388,857	-14.3%
Unrestricted investment earnings	89,136	142,508	185	1,643	89,321	144,151	-38.04%
Gain on disposal of assets	61,825				61,825		%
Other	166,546	125,004			166,546	125,004	33.23%
Total revenues	17,828,730	17,467,649	1,406,692	682,781	19,235,422	18,150,430	5.98%
Program expenses:							
Instruction	9,421,830	9,404,084	4,747	4,772	9,426,577	9,409,617	0.18%
Support services	5,158,793	5,526,026	11,376	7,716	5,170,169	5,533,742	-6.57%
Non-instructional programs			1,071,585	693,055	1,071,585	693,055	54.62%
Other expenses	2,429,979	2,142,442			2,429,979	2,142,442	13.42%
Total expenses	17,010,602	17,055,313	1,087,708	705,543	18,098,310	17,760,856	1.9%
Change in net assets	818,128	412,336	318,984	-22,762	1,137,112	389,574	191.9%

Governmental Activities

Revenues for governmental activities were $17,828,730 and expenses were $17,010,602.

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	9,421,830	5,705,117
Support services	5,158,793	5,103,739
Other expenses	2,429,979	1,523,378
Totals	17,010,602	12,332,234

- The cost financed by users of the District's programs was $1,073,351.
- Federal and state governments subsidized certain programs with grants and contributions totaling $3,605,017.
- The remaining cost of governmental activities was financed with $5,645,500 in property and other taxes, $7,187,355 in state foundation aid, $89,136 in interest income and $228,371 in miscellaneous revenues.

Business-Type Activities

Revenues of the District's business-type activities were $1,406,692 and expenses were $1,087,708. The District's business-type activities include the School Nutrition, Building Trades, and Adult Education Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements, sale of house, rent and investment income. Expenses in the District's business-type activities are recorded primarily as non-instructional programs.

Financial Analysis of the District's Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of $7,326,125.

Governmental Fund Highlights

- The school board has emphasized they wish to maintain a 3 month reserve as a back up in case of future cuts. The reserve funds were reduced due to the recent ATB cuts. The district will look to levy for reserve funds in an effort to build up cash reserves over the next several years.

- The General Fund balance decreased from $2,128,198 to 1,901,861.

- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from $129,800 in fiscal 2009 to $646,380 in fiscal 2010. The voter approved $1.00 PPEL levy ended June 30, 2007. Patrons voted to re-instate the voter approved PPEL levy up to an amount of $1.34 effective July 1, 2008. Revenue from the sale of district-owned land contributed to the increase in fund balance.

- 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. Remodeling and new construction began in the spring of 2009 at the Hartford and high school buildings with a completion date during the 2010-2011 school year. This project is funded with local option sales tax money.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from $226,683 at June 30, 2009 to $541,948 at June 30, 2010. This increase is a result of equipment contributions due to remodeling at the Hartford and high school kitchen facilities.

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 and capital loan note for updating technology equipment. 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 $773,644 less than the total budgeted revenues, a variance of 3.88%.

Total expenditures were less than budgeted by $5,508,437, a variance of 17.62%. The variance was due to the timing of the pay out for work done on the capital projects at the Hartford and high school buildings. 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, 2010, the District had invested $27,584,568 net of accumulated depreciation of $6,345,416, 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 $627,837.

The original cost of the District's capital assets was $33,929,984. Governmental funds account for $33,164,989 with the remainder of $764,995 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category due to the remodeling of the high school and Hartford buildings and the track facility.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business-type Activities		Total School District	
	2010	2009	2010	2009	2010	2009
Land	481,177	831,177			481,177	831,177
Construction in progress	8,102,562	1,686,630			8,102,562	1,686,630
Buildings	17,865,602	17,537,201			17,865,602	17,537,201
Improvements other than buildings						
Furniture and equipment	637,087	636,748	498,140	205,802	1,135,227	842,550
Totals	27,086,428	20,691,756	498,140	205,802	27,584,568	20,897,558

Long-Term Liabilities

At June 30, 2010, the District had $21,755,043 in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of approximately 4.8 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 May of 2009 the district received money from the sale of sales tax revenue bonds in the amount of $11,325,000 to fund remodeling and construction projects at the high school building, athletic field and the Hartford building. Repayment began in fiscal year 2010 and will end in fiscal year 2030.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	2010	2009	2009-2010
Notes payable	447,250	615,500	-0.27335
General obligation bonds	8,185,000	8,535,000	-0.04100
Revenue bonds	12,555,000	12,970,000	-0,03199
Early retirement	560,960	735,543	-0,23735
Compensated absences	6,833	5,993	0.14016
Totals	21,755,043	22,862,036	-0.04842

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 an increase in enrollment by 6.1 students for the 2009-2010 school year. Enrollment for the 2010-2011 school year increased by 35 students.

- The District evaluated the condition of its transportation vehicles and determined that one bus would be added to the district's fleet in FY10. The district was also able to purchase two suburbans and two mini-vans to help transport students. With the variable enrollment numbers, the number and condition of the transportation vehicles is closely monitored.

- Increasing insurance costs always play a big factor in negotiating with the Carlisle Community Education Association (CCEA). Insurance packages will be reviewed again during FY11.

- 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.

- Technology upgrades in the 2007-2008 school year were funded with a school equipment purchase note. Repayment is with general fund money and began January, 2009. The last payment is in July, 2012.

- The district funded 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 began in January, 2009 and will end in July, 2012 with voter approved PPEL funds as the funding source.

- Due to previous increased enrollment needs, construction on a new middle school facility began in FY 06. General Obligation Bonds were sold in December, 2005 and April, 2006 to pay for this new facility with repayment scheduled through FY 2026.

- The District is proceeding with infrastructure renovation projects at the Hartford and high school buildings and the athletic field. Planning began during the 2008-09 school year and the work began at the close of the 2008-2009 school year. These projects are being funded with the statewide penny funds. Both projects will be completed by the end of the 2010-2011 school year. This project will be the last big project for the district for some time as there is very limited bonding capacity available.

- President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA) on February 17, 2009. This provided the district with funding in the areas of general education, professional development, Title I and Special Education Part B. The district received $201,741 ARRA money in FY 2009. The district received $966,593.97 in FY 2010. The program will continue through FY 2011.

Contacting the District's Financial Management

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

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Basic Financial Statements

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	$ 8,321,575	$ 132,039	$ 8,453,614
Receivables:			
Property tax:			
Current year	57,052	-	57,052
Succeeding year	5,139,997	-	5,139,997
Accounts	3,435	13	3,448
Due from other governments	734,019	-	734,019
Inventories	-	34,112	34,112
Capital assets, net of accumulated depreciation (note 4)	27,086,428	498,140	27,584,568
Total assets	41,342,506	664,304	42,006,810
Liabilities			
Accounts payable	262,210	511	262,721
Salaries and benefits payable	1,371,443	35,342	1,406,785
Accrued interest payable	373,129	-	373,129
Deferred revenue:			
Succeeding year property tax	5,139,997	-	5,139,997
Other	138,344	12,339	150,683
Long-term liabilities (notes 5 and 6):			
Portion due within one year:			
Early retirement	166,022	-	166,022
Notes payable	168,250	-	168,250
Bonds payable	790,000	-	790,000
Compensated absences	6,833	-	6,833
Portion due after one year:			
Early retirement	394,938	-	394,938
Notes payable	279,000	-	279,000
Bonds payable	19,950,000	-	19,950,000
Total liabilities	29,040,166	48,192	29,088,358

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	$ 5,899,178	$ 498,140	$ 6,397,318
Restricted for:			
Categorical funding (note 12)	738,007	-	738,007
Physical plant and equipment levy	646,380	-	646,380
Other special revenue purposes	172,168	-	172,168
Debt service	1,862,753	-	1,862,753
Capital projects	2,115,203	-	2,115,203
Unrestricted	868,651	117,972	986,623
Total net assets	$ 12,302,340	$ 616,112	$ 12,918,452

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	$ 6,149,613	$ 633,199	$ 2,416,025	$ -
Special instruction	1,768,107	92,439	243,949	-
Other instruction	1,504,110	331,101	-	-
	9,421,830	1,056,739	2,659,974	-
Support services:				
Student services	588,687	-	20,853	-
Instructional staff services	339,565	-	11,323	-
Administration services	2,079,083	-	-	-
Operation and maintenance of plant services	1,440,843	15,865	-	-
Transportation services	710,615	747	6,266	-
	5,158,793	16,612	38,442	-
Other expenditures:				
Facilities acquisition	292,691	-	-	240,895
Long-term debt interest and fiscal charges	998,082	-	-	-
AEA flowthrough	665,706	-	665,706	-
Depreciation (unallocated) *	473,500	-	-	-
	2,429,979	-	665,706	240,895
Total governmental activities	17,010,602	1,073,351	3,364,122	240,895
Business-Type Activities:				
Instruction:				
Purchased services	4,747	8,573	-	-
Support services:				
Food service operations	9,288	-	-	-
Other	2,088	-	-	-
	11,376	-	-	-

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (3,100,389)	$ -	$ (3,100,389)
(1,431,719)	-	(1,431,719)
(1,173,009)	-	(1,173,009)
(5,705,117)	-	(5,705,117)
(567,834)	-	(567,834)
(328,242)	-	(328,242)
(2,079,083)	-	(2,079,083)
(1,424,978)	-	(1,424,978)
(703,602)	-	(703,602)
(5,103,739)	-	(5,103,739)
(51,796)	-	(51,796)
(998,082)	-	(998,082)
-	-	-
(473,500)	-	(473,500)
(1,523,378)	-	(1,523,378)
(12,332,234)	-	(12,332,234)
-	3,826	3,826
-	(9,288)	(9,288)
-	(2,088)	(2,088)
-	(11,376)	(11,376)

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants and Contributions
Business-Type Activities (continued):				
Non-instructional programs:				
Food service operations	$ 702,964	$ 437,652	$ 259,103	$ 330,613
Other	368,621	370,566	-	-
	1,071,585	808,218	259,103	330,613
Total business-type activities	1,087,708	816,791	259,103	330,613
Total	$ 18,098,310	$ 1,890,142	$ 3,623,225	$ 571,508
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Statewide sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Gain on disposal of land				
Other				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

* = This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ -	$ 324,404	$ 324,404
-	1,945	1,945
-	326,349	326,349
-	318,799	318,799
(12,332,234)	318,799	(12,013,435)
$ 3,429,801	$ -	$ 3,429,801
698,299	-	698,299
387,343	-	387,343
1,130,057	-	1,130,057
7,187,355	-	7,187,355
89,136	185	89,321
61,825	-	61,825
166,546	-	166,546
13,150,362	185	13,150,547
818,128	318,984	1,137,112
11,484,212	297,128	11,781,340
$ 12,302,340	$ 616,112	$ 12,918,452

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	$ 3,335,181	$ 3,000,226	$ 896,738	$ 1,071,470	$ 8,303,615
Receivables:					
Property tax:					
Current year	37,034	-	8,724	11,294	57,052
Succeeding year	3,826,736	-	698,603	614,658	5,139,997
Accounts	3,436	-	-	-	3,436
Due from other governments	209,894	524,125	-	-	734,019
Total assets	$ 7,412,281	$ 3,524,351	$ 1,604,065	$ 1,697,422	$ 14,238,119
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 176,032	$ 78,728	$ -	$ 7,449	$ 262,209
Salaries and benefits payable	1,369,308	-	-	2,136	1,371,444
Deferred revenue:					
Succeeding year property tax	3,826,736	-	698,603	614,658	5,139,997
Other	138,344	-	-	-	138,344
Total liabilities	5,510,420	78,728	698,603	624,243	6,911,994
Fund balances:					
Reserved for:					
Categorical funding (note 12)	738,007	-	-	-	738,007
Debt service	-	1,330,420	905,462	-	2,235,882
Unreserved, reported in:					
General fund	1,163,854	-	-	-	1,163,854
Special revenue funds	-	-	-	1,073,179	1,073,179
Capital projects fund	-	2,115,203	-	-	2,115,203
Total fund balances	1,901,861	3,445,623	905,462	1,073,179	7,326,125
Total liabilities and fund balances	$ 7,412,281	$ 3,524,351	$ 1,604,065	$ 1,697,422	$ 14,238,119

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010

Total fund balances of governmental funds	$ 7,326,125
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.	27,086,428
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.	17,959
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.	(373,129)
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.	(21,755,043)
Net assets of governmental activities	$ 12,302,340

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	$ 2,914,993	$ 1,130,057	$ 697,860	$ 899,754	$ 5,642,664
Tuition	604,590	-	-	-	604,590
Other	260,561	98,264	843	356,989	716,657
Intermediate sources	10,000	-	-	-	10,000
State sources	9,258,557	-	438	566	9,259,561
Federal sources	1,292,538	240,895	-	-	1,533,433
Total revenues	14,341,239	1,469,216	699,141	1,257,309	17,766,905
Expenditures:					
Current:					
Instruction	9,075,976	-	-	480,784	9,556,760
Support services:					
Student services	584,782	-	-	-	584,782
Instructional staff services	307,990	31,576	-	-	339,566
Administration services	1,874,171	10,500	-	210,926	2,095,597
Operation and maintenance of plant services	1,371,217	-	-	64,009	1,435,226
Transportation services	623,837	-	-	120,786	744,623
	4,761,997	42,076	-	395,721	5,199,794
Other expenditures:					
Facilities acquisition	-	7,506,453	-	4,155	7,510,608
Long term debt:					
Principal	-	-	933,250	-	933,250
Interest and fiscal charges	-	-	802,786	-	802,786
AEA flowthrough	665,706	-	-	-	665,706
	665,706	7,506,453	1,736,036	4,155	9,912,350
Total expenditures	14,503,679	7,548,529	1,736,036	880,660	24,668,904
Excess (deficiency) of revenues over (under) expenditures	(162,440)	(6,079,313)	(1,036,895)	376,649	(6,901,999)

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General	Capital Projects	Debt Service	Nonmajor	Total
Other financing sources (uses):					
Sale of real property	$ -	$ -	$ -	$ 411,825	$ 411,825
Interfund transfers in (note 3)	-	-	1,287,824	-	1,287,824
Interfund transfers out (note 3)	(63,897)	(1,100,230)	-	(123,697)	(1,287,824)
Total other financing sources (uses)	(63,897)	(1,100,230)	1,287,824	288,128	411,825
Net change in fund balances	(226,337)	(7,179,543)	250,929	664,777	(6,490,174)
Fund balances beginning of year	2,128,198	10,625,166	654,533	408,402	13,816,299
Fund balances end of year	$ 1,901,861	$ 3,445,623	$ 905,462	$ 1,073,179	$ 7,326,125

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, 2010

Net change in fund balances - total governmental funds		$ (6,490,174)
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	$ 7,334,234	
Depreciation expense	(589,562)	6,744,672
The net gain in the Internal Service Fund represents an overcharge to the governmental funds and is adjusted accordingly for the Statement of Activities.		1,849
Proceeds from the sale of capital assets are reported as an other financing source in the governmental funds but are reported as a gain on sale of assets in the Statement of Activities.		(350,000)
Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		933,250
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.		(195,212)
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, as follows:		
Early retirement	174,583	
Compensated absences	(840)	173,743
Change in net assets of governmental activities		$ 818,128

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Enterprise Funds			Internal
	School Nutrition	Non-Major Enterprise	Total	Service Fund
Assets				
Cash and cash equivalents	$ 57,384	$ 74,655	$ 132,039	$ 17,959
Receivables:				
Accounts	-	13	13	-
Inventories	34,112	-	34,112	-
Capital assets, net of accumulated depreciation (note 4)	498,140	-	498,140	-
Total assets	589,636	74,668	664,304	17,959
Liabilities				
Accounts payable	7	504	511	-
Salaries and benefits payable	35,342	-	35,342	-
Deferred revenue	12,339	-	12,339	-
Total liabilities	47,688	504	48,192	-
Net Assets				
Invested in capital assets	498,140	-	498,140	-
Unrestricted	43,808	74,164	117,972	17,959
Total net assets	$ 541,948	$ 74,164	$ 616,112	$ 17,959

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Enterprise Funds			Internal
	School Nutrition	Non-Major Enterprise	Total	Service Fund
Operating revenues:				
Local sources:				
Charges for services	$ 437,652	$ 379,139	$ 816,791	$ 79,306
Operating expenses:				
Instruction:				
Purchased services	-	4,747	4,747	77,457
Support services:				
Purchased services	6,268	1,198	7,466	-
Supplies	2,191	-	2,191	-
Other	829	890	1,719	-
	9,288	2,088	11,376	-
Non-instructional programs:				
Salaries	221,849	-	221,849	-
Benefits	76,137	-	76,137	-
Purchased services	34	-	34	-
Supplies	366,377	368,621	734,998	-
Depreciation	38,275	-	38,275	-
Other	292	-	292	-
	702,964	368,621	1,071,585	-
Total expenses	712,252	375,456	1,087,708	77,457
Operating income (loss)	(274,600)	3,683	(270,917)	1,849
Non-operating revenues:				
Interest on investments	149	36	185	-
State sources	6,937	-	6,937	-
Federal sources	252,166	-	252,166	-
Capital contributions	330,613	-	330,613	-
Total non-operating revenues	589,865	36	589,901	-
Change in net assets	315,265	3,719	318,984	1,849
Net assets beginning of year	226,683	70,445	297,128	16,110
Net assets end of year	$ 541,948	$ 74,164	$ 616,112	$ 17,959

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Enterprise Funds			Internal
	School Nutrition	Non-Major Enterprise	Total	Service Fund
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	$ 429,613	$ -	$ 429,613	$ -
Cash received from miscellaneous operating activities	9,253	379,126	388,379	79,306
Cash payments to employees for services	(295,364)	-	(295,364)	(77,457)
Cash payments to suppliers for goods or services	(336,850)	(195,210)	(532,060)	-
Net cash provided by (used by) operating activities	(193,348)	183,916	(9,432)	1,849
Cash flows from non-capital financing activities:				
State grants received	6,937	-	6,937	-
Federal grants received	199,844	-	199,844	-
(Decrease) in due to other funds	-	(155,469)	(155,469)	-
Net cash provided by (used by) non-capital financing activities	206,781	(155,469)	51,312	-
Cash flows from investing activities:				
Interest on investments	149	36	185	-
Net increase in cash and cash equivalents	13,582	28,483	42,065	1,849
Cash and cash equivalents beginning of year	43,802	46,172	89,974	16,110
Cash and cash equivalents end of year	$ 57,384	$ 74,655	$ 132,039	$ 17,959

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Enterprise Funds			Internal
	School Nutrition	Non-Major Enterprise	Total	Service Fund
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	$ (274,600)	$ 3,683	$ (270,917)	$ 1,849
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	38,275	-	38,275	-
Commodities used	52,322	-	52,322	-
(Increase) in accounts receivable	-	(13)	(13)	-
(Increase) decrease in inventories	(12,788)	180,406	167,618	-
(Decrease) in accounts payable	(393)	(160)	(553)	-
Increase in salaries and benefits payable	2,622	-	2,622	-
Increase in deferred revenue	1,214	-	1,214	-
Net cash provided by (used by) operating activities	$ (193,348)	$ 183,916	$ (9,432)	$ 1,849

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received $52,322 of federal commodities. In addition, the Enterprise Fund, School Nutrition received a capital contribution of equipment purchased through the Capital Projects Fund valued at $330,613.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	Private Purpose Trust Scholarship
Assets:	
Cash and pooled investments	$ 29,210
Liabilities:	
None	-
Net assets:	
Reserved for scholarships	$ 29,210

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2010

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	$ 2,406
Interest	21
Total additions	2,427
Deductions:	
Instruction:	
Supplies	400
Change in net assets	2,027
Net assets beginning of year	27,183
Net assets end of year	$ 29,210

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Carlisle Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Carlisle Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt 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.

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

The District reports the following major proprietary fund:

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

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.

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
Intangible	75,000
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
Intangible	5-15 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 the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned federal grant revenues and unearned meal revenues.

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, 2010. 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, 2010 consists of $5,534,511.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures in the non-instructional programs function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2010 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.

Note 2. Cash and Pooled Investments (continued)

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Value
Iowa Schools Joint Investment Trust, Diversified Portfolio	$ 647,320
Money market mutual funds	2,066,887
	$ 2,714,207

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, 2010 is as follows:

Transfer to	Transfer from	Amount
Debt Service	General	$ 63,897
	Capital Projects	1,100,230
	Special Revenue: Physical Plant and Equipment Levy	123,697
Total		$ 1,287,824

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

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 831,177	$ -	$ 350,000	$ 481,177
Construction in progress	1,686,630	7,217,833	801,901	8,102,562
Total capital assets not being depreciated	2,517,807	7,217,833	1,151,901	8,583,739
Capital assets being depreciated:				
Buildings	21,821,807	801,901	-	22,623,708
Furniture and equipment	1,907,678	116,401	66,537	1,957,542
Total capital assets being depreciated	23,729,485	918,302	66,537	24,581,250
Less accumulated depreciation for:				
Buildings	4,284,606	473,500	-	4,758,106
Furniture and equipment	1,270,930	116,062	66,537	1,320,455
Total accumulated depreciation	5,555,536	589,562	66,537	6,078,561
Total capital assets being depreciated, net	18,173,949	328,740	-	18,502,689
Governmental activities capital assets, net	$ 20,691,756	$ 7,546,573	$ 1,151,901	$ 27,086,428

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	$ 434,382	$ 330,613	$ -	$ 764,995
Less accumulated depreciation	228,580	38,275	-	266,855
Business-type activities capital assets, net	$ 205,802	$ 292,338	$ -	$ 498,140

Note 4. Capital Assets (continued)

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

Governmental activities:	
Instruction	$ 5,913
Support services:	
Student support	3,902
Administration	18,236
Operation and maintenance of plant services	21,623
Transportation	66,388
	116,062
Unallocated depreciation	473,500
Total governmental activities depreciation expense	$ 589,562
Business-type activities:	
Food service operations	$ 38,275

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	$ 735,543	$ 13,864	$ 188,447	$ 560,960	$ 166,022
Notes payable	615,500	-	168,250	447,250	168,250
General obligation bonds	8,535,000	-	350,000	8,185,000	365,000
Revenue bonds	12,970,000	-	415,000	12,555,000	425,000
Compensated absences	5,993	6,833	5,993	6,833	6,833
Total	$ 22,862,036	$ 20,697	$ 1,127,690	$ 21,755,043	$ 1,131,105

Note 5. Long-Term Liabilities (continued)

Early Retirement

For the year ended June 30, 2010, the District offered a voluntary early retirement plan only 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 new participants in the early retirement plan for the years ended June 30, 2009 and 2010.

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

At June 30, 2010, the District had obligations to 29 participants with a total liability of $560,960. Actual early retirement expenditures for the year ended June 30, 2010 totaled $188,447. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Notes Payable

Details of the District's June 30, 2010 notes payable indebtedness are as follows:

Year Ending June 30,	Note Issue dated August 15, 2007			Note Issue dated August 1, 2008			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2011	4.45 %	$ 57,500	$ 3,838	3.34 %	$ 110,750	$ 9,248	$ 168,250	$ 13,086
2012	4.45	57,500	1,279	3.34	110,750	5,549	168,250	6,828
2013	-	-	-	3.34	110,750	1,849	110,750	1,849
		$ 115,000	$ 5,117		$ 332,250	$ 16,646	$ 447,250	$ 21,763

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue dated January 1, 2006			Bond Issue dated May 2006			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
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
		$ 4,035,000	$ 1,422,643		$ 4,150,000	$ 1,700,915	$ 8,185,000	$ 3,123,558

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2010 sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue dated July 1, 2004			Bond Issue dated May,1 2009			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2011	3.50 %	$ 425,000	$ 39,768	4.25 %	$ -	$ 569,345	$ 425,000	$ 609,113
2012	3.80	230,000	27,960	4.25	80,000	567,645	310,000	595,605
2013	4.00	185,000	19,890	4.25	200,000	561,695	385,000	581,585
2014	4.10	190,000	12,295	4.25	210,000	552,983	400,000	565,278
2015	4.20	200,000	4,200	4.25	220,000	543,845	420,000	548,045
2016	-	-	-	4.25	480,000	528,970	480,000	528,970
2017	-	-	-	4.25	500,000	508,145	500,000	508,145
2018	-	-	-	4.25	520,000	486,470	520,000	486,470
2019	-	-	-	4.25	545,000	463,839	545,000	463,839
2020	-	-	-	4.50	565,000	439,545	565,000	439,545
2021	-	-	-	4.75	590,000	412,820	590,000	412,820
2022	-	-	-	5.00	615,000	383,432	615,000	383,432
2023	-	-	-	5.10	645,000	351,610	645,000	351,610
2024	-	-	-	5.20	675,000	317,613	675,000	317,613
2025	-	-	-	5.25	705,000	281,556	705,000	281,556
2026	-	-	-	5.30	740,000	243,440	740,000	243,440
2027	-	-	-	5.40	780,000	202,770	780,000	202,770
2028	-	-	-	5.50	815,000	159,297	815,000	159,297
2029	-	-	-	5.55	860,000	113,020	860,000	113,020
2030	-	-	-	5.60-5.70	1,580,000	63,815	1,580,000	63,815
		$ 1,230,000	$ 104,113		$ 11,325,000	$ 7,751,855	$ 12,555,000	$ 7,855,968

The sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the sales and services tax revenues received by the District. The bonds are not general obligations of the District. The debt, however, is subject to the constitutional debt limitation of the District.

The resolutions providing for the issuances of the sales and services tax revenue bonds include the following provisions:

The bonds will only be redeemed from the future earnings of the sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.

Bonds maturing after September 1, 2011 and July 1, 2019, may be called for redemption by the issuer and paid before maturity on said date or any date thereafter for the issues dated July 1, 2004 and May 1, 2009, respectively.

Note 5. Long-Term Liabilities (continued)

Revenue Bonds (continued)

$310,000 and $1,020,420 of the proceeds from the bond issues dated July 1, 2004 and May 1, 2009, respectively, have been placed in reserve funds with a trustee. The reserve funds are part of the District's Capital Projects Fund.

All proceeds from the sales and services tax shall be placed in a sinking fund with a trustee. Money in the sinking fund shall be used to pay the interest and principal on the bonds. Surplus monies in the sinking fund may be transferred to the Capital Projects Fund to be used for any lawful purpose. The sinking fund is part of the Debt Service Fund.

The District pledged future local option sales and services tax revenues to repay the $3,100,000 bonds issued in 2005 and the $11,325,000 bonds issued in 2009. The 2005 bonds were issued for the purpose of financing a portion of the costs of a new early childhood center, stadium and gymnasium. The 2009 bonds were issued to pay the cost of school infrastructure projects, renovation to the Hartford building and high school and improvements to athletic facilities. 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 for the 2005 issue and through 2030 for the 2009 issue. The bonds are not general obligations 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 92 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is $20,410,968. For the current year, principal and interest paid on the bonds totaled $848,615 and total local option sales and services tax revenues were $1,130,057.

Note 6. Other Postemployment Benefits (OPEB)

The District prospectively implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 143 active and 33 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark BC/BS. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and potential OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Note 6. Other Postemployment Benefits (OPEB) (continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$	130,103
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost		130,103
Contributions made		224,245
Decrease in net OPEB obligation		(94,142)
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	$	(94,142)

Because of the large explicit benefit attributable to the District's early retirement plan, the net implicit cost to the District is essentially prepaid at this time by contributions made for early retirees. However, this prepayment does not reflect on the District's financial statements as an asset because all contributions are made on a pay-as-you-go basis. Thus, no asset exists at this time.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed $187,723 to the medical plan.

The District's annual OPEB cost the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2010	$	130,103	100%	$	-

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was $1,384,084, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1,384,084. The covered payroll (annual payroll of active employees covered by the plan) was approximately $9,300,000, and the ratio of the UAAL to covered payroll was 15%. As of June 30, 2010, there were no trust fund assets.

Note 6. Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the aging curve study presented by the Society of Actuaries in February, 2006.

Projected claim costs of the medical plan are $15,545 per month for retirees less than age 65.

Note 7. Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the year ended June 30, 2010. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were $609,734, $575,315, and $500,804, respectively, equal to the required contributions for each year.

Note 8. Risk Management

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $665,706 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Construction Commitments

The District has entered into various contracts totaling $8,193,816 for several major improvements. As of June 30, 2010, costs of $7,153,423 had been incurred against the contracts. The balance of $1,040,393 remaining at June 30, 2010 will be paid as work on the project progresses.

Note 11. 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 12. Categorical Funding

The District's fund balance reserved for categorical funding at June 30, 2010 is comprised of the following programs:

Program	Amount
Gifted and talented program	$ 334,846
Returning dropout and dropout prevention	71,688
Salary improvement program	65,276
At-risk formula supplementary weighting	60,810
4-year-old preschool State aid	59,095
Professional development for model core curriculum	42,994
Home school assistance program	39,344
Professional development	31,660
Beginning teacher mentoring and induction	13,481
Market factor incentives	10,235
Limited english proficiency	3,351
School to work	1,647
Assessment grants	1,568
Educational Excellence - Phase I	1,222
Iowa conservation education grants	392
Evaluator training	330
Statewide Voluntary 4 year-old preschool	68
Total	$ 738,007

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, 2010

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	$ 6,963,911	$ 1,147,589	$ 8,111,500	$ 7,247,315	$ 7,247,315	$ 864,185
Intermediate sources	10,000	-	10,000	-	-	10,000
State sources	9,259,561	6,937	9,266,498	11,905,326	11,905,326	(2,638,828)
Federal sources	1,533,433	252,166	1,785,599	794,600	794,600	990,999
Total revenues	17,766,905	1,406,692	19,173,597	19,947,241	19,947,241	(773,644)
EXPENDITURES/EXPENSES:						
Instruction	9,556,760	4,747	9,561,507	9,927,500	9,927,500	365,993
Support services	5,199,794	11,376	5,211,170	6,085,500	6,085,500	874,330
Non-instructional programs	-	1,071,585	1,071,585	1,020,000	1,020,000	(51,585)
Other expenditures	9,912,350	-	9,912,350	13,532,364	14,232,049	4,319,699
Total expenditures/expenses	24,668,904	1,087,708	25,756,612	30,565,364	31,265,049	5,508,437
Excess (deficiency) of revenues over (under) expenditures/ expenses	(6,901,999)	318,984	(6,583,015)	(10,618,123)	(11,317,808)	4,734,793
Other financing sources, net	411,825	-	411,825	(123,697)	(123,697)	535,522
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(6,490,174)	318,984	(6,171,190)	(10,741,820)	(11,441,505)	5,270,315
Balance beginning of year	13,816,299	297,128	14,113,427	14,840,759	14,840,759	(727,332)
Balance end of year	$ 7,326,125	$ 616,112	$ 7,942,237	$ 4,098,939	$ 3,399,254	$ 4,542,983

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2010

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 $699,685.

During the year ended June 30, 2010, expenditures in the non-instructional programs function exceeded the amount budgeted.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)
Required Supplementary Information
Year Ended June 30, 2010

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	$ -	$ 1,384	$ 1,384	0.0%	$ 9,300	14.9%

See note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	$ 251,583	$ 178,366	$ 641,521	$ 1,071,470
Receivables:				
Property tax:				
Current year	6,435	-	4,859	11,294
Succeeding year	349,999	-	264,659	614,658
Total assets	$ 608,017	$ 178,366	$ 911,039	$ 1,697,422
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 3,387	$ 4,062	$ -	$ 7,449
Salaries and benefits payable	-	2,136	-	2,136
Deferred revenue:				
Succeeding year property tax	349,999	-	264,659	614,658
Total liabilities	353,386	6,198	264,659	624,243
Fund balances:				
Unreserved:				
Undesignated	254,631	172,168	646,380	1,073,179
Total liabilities and fund balances	$ 608,017	$ 178,366	$ 911,039	$ 1,697,422

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, 2010

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	$ 512,654	$ -	$ 387,100	$ 899,754
Other	26,206	330,553	230	356,989
State sources	322	-	244	566
Total revenues	539,182	330,553	387,574	1,257,309
Expenditures:				
Current:				
Instruction	188,768	292,016	-	480,784
Support services:				
Administration services	156,354	-	54,572	210,926
Operation and maintenance of plant services	64,009	-	-	64,009
Transportation services	20,305	86	100,395	120,786
Other expenditures:				
Facilities acquisition	-	-	4,155	4,155
Total expenditures	429,436	292,102	159,122	880,660
Excess (deficiency) of revenues over (under) expenditures	109,746	38,451	228,452	376,649
Other financing sources (uses):				
Sale of real property	-	-	411,825	411,825
Interfund transfers out	-	-	(123,697)	(123,697)
Total other financing sources (uses)	-	-	288,128	288,128
Net change in fund balances	109,746	38,451	516,580	664,777
Fund balances beginning of year	144,885	133,717	129,800	408,402
Fund balances end of year	$ 254,631	$ 172,168	$ 646,380	$ 1,073,179

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR ENTERPRISE FUNDS
June 30, 2010

	Building and Trades	Adult Education	Total
Assets			
Cash and pooled investments	$ 50,539	$ 24,116	$ 74,655
Receivables:			
Accounts	-	13	13
Total assets	50,539	24,129	74,668
Liabilities			
Accounts payable	504	-	504
Net Assets			
Unrestricted	$ 50,035	$ 24,129	$ 74,164

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2010

	Building and Trades	Adult Education	Total
Operating revenues:			
Local sources:			
Charges for services	$ 370,566	$ 8,573	$ 379,139
Operating expenses:			
Instruction:			
Purchased services	-	4,747	4,747
Support services:			
Purchased services	1,198	-	1,198
Other	890	-	890
	2,088	-	2,088
Non-instructional programs:			
Supplies	368,621	-	368,621
Total expenses	370,709	4,747	375,456
Operating income (loss)	(143)	3,826	3,683
Non-operating revenues:			
Interest on investments	20	16	36
Change in net assets	(123)	3,842	3,719
Net assets beginning of year	50,158	20,287	70,445
Net assets end of year	$ 50,035	$ 24,129	$ 74,164

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
June 30, 2010

	Building and Trades	Adult Education	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	$ 370,566	$ 8,560	$ 379,126
Cash payments to suppliers for goods or services	(190,463)	(4,747)	(195,210)
Net cash provided by operating activities	180,103	3,813	183,916
Cash flows from non-capital financing activities:			
(Decrease) in due to other funds	(155,469)	-	(155,469)
Cash flows from investing activities:			
Interest on investments	20	16	36
Net increase in cash and cash equivalents	24,654	3,829	28,483
Cash and cash equivalents beginning of year	25,885	20,287	46,172
Cash and cash equivalents end of year	$ 50,539	$ 24,116	$ 74,655
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	$ (143)	$ 3,826	$ 3,683
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
(Increase) in accounts receivable	-	(13)	(13)
Decrease in inventories	180,406	-	180,406
(Decrease) in accounts payable	(160)	-	(160)
Net cash provided by operating activities	$ 180,103	$ 3,813	$ 183,916

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Life Touch	$ (1)	$ -	$ -	$ (1)
Landscaping Project	(40)	-	-	(40)
Books & Buddies	182	-	-	182
FCCLA	1,091	3,130	2,744	1,477
Spanish	859	574	1,031	402
Marketing Club	1,792	-	-	1,792
High School Student Council	5,438	4,766	5,570	4,634
K-6 Book Club	8,397	18,259	15,622	11,034
7-12 Book Club	-	3,618	3,618	-
High School Annual	8,272	5,672	6,341	7,603
Color Guard	470	671	955	186
Cheerleading	2,791	19,619	15,844	6,566
Junior High Student Council	(9)	2,673	1,313	1,351
Junior High Yearbook	447	2,471	3,057	(139)
Elementary Yearbook	165	3,644	3,293	516
Hartford Store	339	370	141	568
Academic Enrichment	837	1,475	1,769	543
SADD	358	211	167	402
Elementary Enrichment	3,260	13,161	10,458	5,963
Middle School Enrichment	2,582	11,083	7,903	5,762
Class of '07	(233)	-	-	(233)
Class of '08	1,154	-	-	1,154
Class of '09	52	-	-	52
Class of '10	29	502	715	(184)
Class of '11	(57)	1,292	771	464
Class of '12	27	836	856	7
Class of '12	-	794	789	5
Interest	7,324	130	-	7,454
5-6 Band Concessions	787	-	39	748
Drama	1,381	978	263	2,096
Speech Club	(1,404)	125	647	(1,926)
Debate Club	1,455	840	641	1,654
High School Chorus	11,798	-	150	11,648
Musical Productions	4,705	1,762	1,249	5,218
7-12 Band	3,152	-	-	3,152
All Athletics	17,908	92,558	87,021	23,445
Basketball - Girls	891	2,991	3,828	54
Basketball - Boys	7,533	3,448	5,012	5,969
Soccer - Girls	2,261	2,510	3,502	1,269
Soccer - Boys	1,319	1,636	2,678	277
Track - Girls	3,614	6,040	6,210	3,444

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Track - Boys	$ 2,904	$ 4,293	$ 4,946	$ 2,251
Cross Country	2,772	867	2,015	1,624
Weightlifting	4,494	8,774	1,292	11,976
Football	3,169	38,673	22,835	19,007
Baseball	979	5,813	7,644	(852)
Wrestling	5,130	1,520	3,207	3,443
Volleyball	2,306	9,897	7,171	5,032
Softball	4,362	17,050	19,626	1,786
Y-Camp	2,338	7,171	-	9,509
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	(1,172)	2,488	2,808	(1,492)
Golf - Girls	(1,489)	3,028	3,650	(2,111)
MS Conservation Team	508	508	1,112	(96)
Character Counts	2,630	5,475	5,036	3,069
Culture Club	19	1,286	1,309	(4)
Prom	(3,140)	4,219	3,991	(2,912)
Adopt-A-Classroom	500	233	113	620
Middle School	3,916	9,780	9,753	3,943
Art Club - MS	-	786	797	(11)
Hartford Yearbook	1,465	853	600	1,718
Total	$ 133,717	$ 330,553	$ 292,102	$ 172,168

See accompanying independent auditor's report.

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CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2010	2009	2008	2007
Revenues:				
Local sources:				
Local tax	$ 5,642,664	$ 5,605,083	$ 5,183,840	$ 4,521,969
Tuition	604,590	531,953	393,000	390,632
Other	716,657	636,030	791,989	879,642
Intermediate sources	10,000	10,000	27,291	-
State sources	9,259,561	10,382,655	9,940,194	8,323,806
Federal sources	1,533,433	235,843	278,604	740,735
Total revenues	$ 17,766,905	$ 17,401,564	$ 16,614,918	$ 14,856,784
Expenditures:				
Instruction	$ 9,556,760	$ 9,532,176	$ 9,224,556	$ 7,763,185
Support services:				
Student services	584,782	592,126	547,931	471,477
Instructional staff services	339,566	734,228	323,161	356,783
Administration services	2,095,597	2,052,331	2,101,225	1,490,702
Operation and maintenance of plant services	1,435,226	1,478,901	1,621,960	1,146,121
Transportation services	744,623	707,065	643,595	510,147
Other expenditures:				
Facilities acquisition	7,510,608	2,363,979	1,050,244	7,527,550
Long-term debt:				
Principal	933,250	792,500	520,000	635,000
Interest and fiscal charges	802,786	444,237	449,592	520,221
AEA flowthrough	665,706	615,532	571,154	502,822
Total expenditures	$ 24,668,904	$ 19,313,075	$ 17,053,418	$ 20,924,008

See accompanying independent auditor's report.

2006	2005	2004
$ 4,306,821	$ 4,098,804	$ 3,468,500
304,523	300,814	275,641
678,493	547,054	489,364
-	-	-
7,230,151	6,538,370	6,088,413
202,446	197,467	181,777
$ 12,722,434	$ 11,682,509	$ 10,503,695
$ 7,174,229	$ 6,637,400	$ 6,283,706
417,024	373,037	361,748
381,665	378,376	411,663
1,267,388	1,093,941	954,351
1,013,038	905,034	784,602
526,625	406,817	359,090
2,562,007	3,788,085	739,320
705,000	71,759	410,000
110,891	415,600	30,309
441,409	399,159	380,453
$ 14,599,276	$ 14,469,208	$ 10,715,242

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 10	$ 28,264
National School Lunch Program	10.555	FY 10	171,580
National School Lunch Program (non-cash)	10.555	FY 10	52,322
			252,166
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	0981-G-10	88,846
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	RIB1910981	29,466
			118,312
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 10	4,446
Fund for the Improvement of Education	84.215	FY 10	240,895
Advanced Placement Program	84.330	FY 10	56
Improving Teacher Quality State Grants	84.367	FY 10	37,658
Grants for State Assessments and Related Activities	84.369	FY 10	11,323
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	860,443
Norwalk Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY 10	7,507
Heartland Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 10	88,830
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	145,737
			234,567
Special Education - State Personnel Development	84.323	FY 10	900
English Language Acquisition Grants	84.365	FY 10	975

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect (continued):			
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	FY 10	$ 26
Total			$ 1,769,274

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

See accompanying independent auditor's report.

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

To the Board of Education of
Carlisle Community School District:

We have audited the 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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carlisle Community School District's internal control over financial reporting 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-10 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Carlisle Community School District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carlisle Community School District and other parties to whom Carlisle Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Carlisle Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
October 29, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Carlisle Community School District:

Compliance

We have audited the compliance of Carlisle Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Carlisle Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Carlisle Community School District's management. Our responsibility is to express an opinion on Carlisle Community School District's compliance based on our audit.

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

In our opinion, Carlisle Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no material weaknesses in internal control over compliance with requirements applicable to major programs.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carlisle Community School District and other parties to whom Carlisle Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
October 29, 2010

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

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

(a) Unqualified opinions were issued on the financial statements.

(b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.

(e) An unqualified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:
- CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
- Clustered programs:
    - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
    - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Carlisle Community School District did not qualify as a low-risk auditee.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-10 Financial Reporting – During the audit, we identified material amounts of inventory and capital assets adjustments related to the Proprietary Funds, School Nutrition and Building and Trades, not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all inventory and capital assets adjustments are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any necessary inventory and capital asset adjustments.

Conclusion – Response accepted.

II-B-10 Fundraising Activities – We noted in our testing of the Special Revenue Fund, Student Activity receipts that the District does not require reconciliations for all fundraising activities.

Recommendation – The District should require and enforce procedures for fundraiser approvals and reconciliations of fundraising receipts claimed to deposits and related expenditures for all fundraisers. This will ensure accurate record-keeping and help to protect the underlying assets. The District should consider limiting future fundraiser activities for clubs that do not complete a reconciliation of fundraiser activity in a timely manner.

Response – We have spoken to all sponsors and procedures are now in place to address this problem. We will watch this situation carefully in the future.

Conclusion – Response accepted.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part IV: Other Findings Related to Statutory Reporting:

IV-A-10 Certified Budget – Expenditures for the year ended June 30, 2010, exceeded the amount budgeted in the non-instructional programs function.

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

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

Conclusion – Response accepted.

IV-B-10 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-10 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-10 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-10 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-10 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 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.

IV-J-10 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.

IV-K-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

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

IV-L-10 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales and services tax revenue are as follows:

Beginning balance	$ 625,982
Statewide sales and services tax revenue	1,130,057
Expenditures/transfers out:	
Debt service for school infrastructure:	
Revenue debt	(720,277)
Ending balance	$ 1,035,762

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	$ 3.17736	$ 720,277