

CARLISLE COMMUNITY SCHOOL DISTRICT  
CARLISLE, IOWA

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

JUNE 30, 2013

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CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
John Judisch	President	2013
Rob Joiner	Vice President	2015
Susan James	Board Member	2013
Mark Cowan	Board Member	2013
Michelle Tish	Board Member	2015
<u>School Officials</u>		
Dr. Tom Lane	Superintendent	2013
Jean Flaws	District Secretary/Treasurer and Business Manager	2013
Ahlers and Cooney P.C., Andrew Bracken	Attorney	Indefinite

DOUGLAS T. HUNT, CPA  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Carlisle Community School District:

Report on the Financial Statements

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, Carlisle Iowa, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Carlisle Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 56 through 58 be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 14, 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financials statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2013 on our consideration of Carlisle Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Carlisle Community School District's internal control over financial reporting and compliance.

Oskaloosa, Iowa  
November 6, 2013

*Hunt & Associates, P.C.*

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2013. 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 from \$17,136,751 in fiscal year 2012 to \$16,504,597 in fiscal year 2013, while General Fund expenditures increased from \$15,251,574 in fiscal year 2012 to \$16,022,385 in fiscal year 2013. The General Fund balance as of June 30, 2013 was \$5,879,807 compared to \$5,397,595 at June 30, 2012.
- The decrease in General Fund revenues was attributable to a decrease in the general fund tax levy due in large part to a decrease in the amount the district can levy for cash reserve.
- 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 with the last payment due 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. Re-payment began in FY 2010 and will end in FY 2030.
- The district made the decision to raise the debt service levy to 4.05 which included a surplus debt service levy in the amount of \$417,000. The surplus levy will be used to pay down some of the debt for the middle school bonds when they become callable. The district will annually review the ability to include a surplus debt service levy.
- The district was able to pay off the 2004 bonds in July, 2012, two years early. The bonds financed the early childhood addition to the elementary building. This provided approximately \$25,000 savings in interest payments to the district.

## Overview of the Financial Statements

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

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District’s operations in more detail than the District-wide statements.  
Fund statements include the following:

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

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

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

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

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

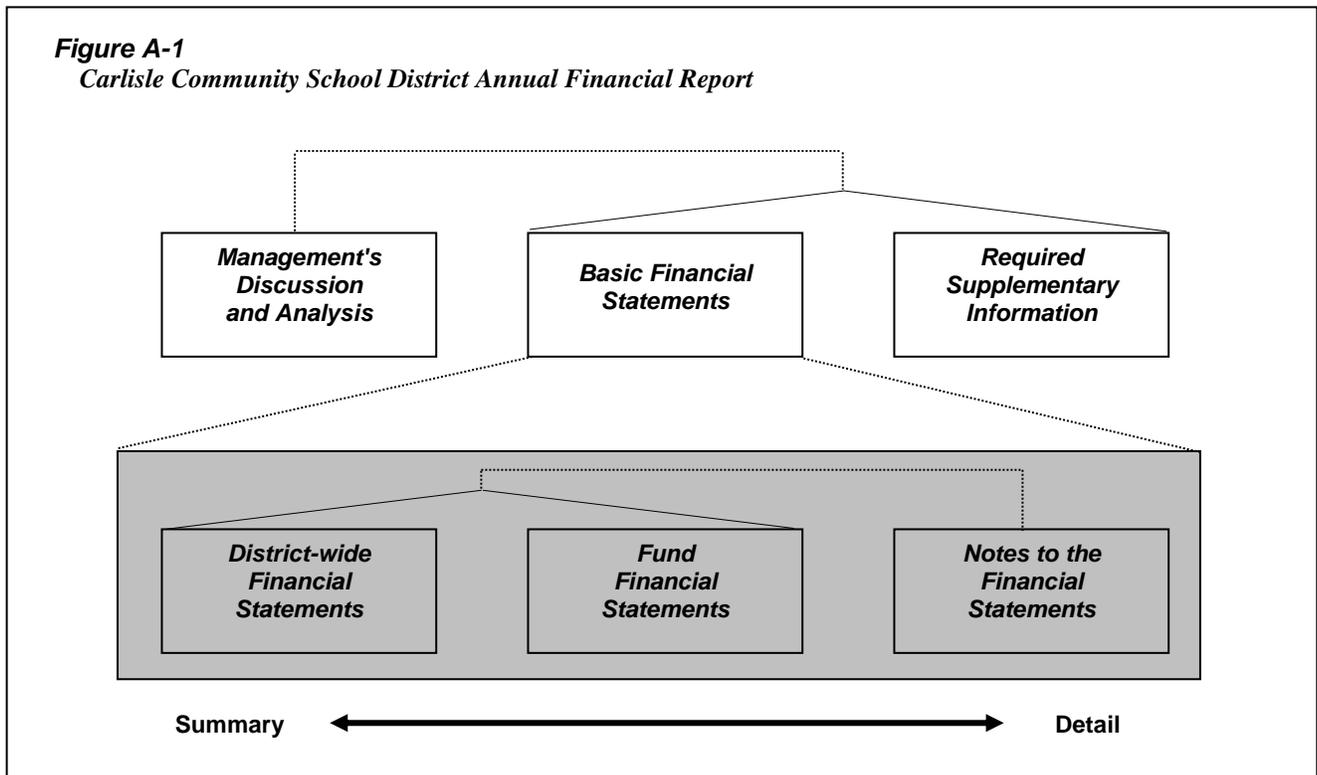


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents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

<b>Figure A-2 Major Features of the District-Wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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 position 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 position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is 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, library materials and the Metro Area Superintendents fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

**Net Position** - Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2013 compared to June 30, 2012.

<b>Figure A-3 Condensed Statement of Net Position</b>	Governmental		Business-type		Total		Total
	Activities		Activities		School District		% Change
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	17,719,310	17,166,794	95,842	167,238	17,815,152	17,334,032	2.78%
Capital assets	27,695,343	27,751,781	407,830	422,149	28,103,173	28,173,930	-0.25%
<b>Total assets</b>	<b>45,414,653</b>	<b>44,918,575</b>	<b>503,672</b>	<b>589,387</b>	<b>45,918,325</b>	<b>45,507,962</b>	<b>0.90%</b>
Long-term obligations	18,399,726	19,693,742			18,399,726	19,693,742	-6.57%
Other liabilities	7,344,626	7,406,615	37,462	46,503	7,382,088	7,453,118	-0.95%
<b>Total liabilities</b>	<b>25,744,352</b>	<b>27,100,357</b>	<b>37,462</b>	<b>46,503</b>	<b>25,781,814</b>	<b>27,146,860</b>	<b>-5.03%</b>
<b>Net position:</b>							
Invested in capital assets net of related debt	9,610,343	8,491,781	407,830	422,149	10,018,173	8,913,930	12.39%
Restricted	4,639,812	4,574,687			4,639,812	4,574,687	1.42%
Unrestricted	5,420,146	4,751,750	58,380	120,735	5,478,526	4,872,485	12.44%
<b>Total net position</b>	<b>19,670,301</b>	<b>17,818,218</b>	<b>466,210</b>	<b>542,884</b>	<b>20,136,511</b>	<b>18,361,102</b>	<b>9.67%</b>

The District's combined net position was \$20,136,511 at June 30, 2013.

**Changes in net position** – Figure A-4 shows the District’s revenues and expenses for the year end June 30, 2013 as compared to the year end June 30, 2012. The figure also shows the change in net position by subtracting the expenses from the revenues. The District’s improved financial position is the product of many factors.

Property and other tax revenue of \$6,676,245 and unrestricted state grants of \$9,115,539 account for 74 percent of the District’s total revenues in FY 2013. The District’s expenses primarily relate to instruction and support services which account for 83 percent of the total expenses.

<b>Figure A-4</b> <b>Changes in Net Position</b>	Governmental		Business-type		Total		Total % Change
	Activities		Activities		School District		
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for service and sales	1,764,552	1,644,415	668,901	502,742	2,433,453	2,147,157	13.33%
Operating grants, contributions and restricted interest	2,541,377	2,937,783	360,294	330,189	2,901,671	3,267,972	-11.2%
Capital grants, contributions and restricted interest		17,757				17,757	-100.0%
General revenues:							
Property and other taxes	6,676,245	6,815,986			6,676,245	6,815,986	-2.05%
Unrestricted state grants	9,115,539	8,963,418			9,115,539	8,963,418	5.97%
Unrestricted investment earnings	19,880	74,022	186	309	20,066	74,331	-73.00%
Other	292,421	42,668			292,421	42,668	585.34%
Total revenues	<u>20,410,014</u>	<u>20,496,049</u>	<u>1,029,381</u>	<u>833,240</u>	<u>21,439,395</u>	<u>21,329,289</u>	<u>0.51%</u>
Program expenses:							
Governmental activities:							
Instruction	10,456,873	9,942,212	2,523	5,143	10,459,396	9,947,355	5.15%
Support services	5,755,653	5,421,147	14,571	1,032	5,770,224	5,422,179	6.42%
Non-instructional programs			1,088,961	868,467	1,088,961	868,467	25.39%
Other expenses	2,345,405	2,333,679			2,345,405	2,333,679	.50%
Total expenses	<u>18,557,931</u>	<u>17,697,038</u>	<u>1,106,055</u>	<u>874,642</u>	<u>19,663,986</u>	<u>18,571,680</u>	<u>5.88%</u>
Change in net position	1,852,083	2,799,011	-76,674	-41,402	1,775,409	2,757,609	-35.62%

## Governmental Activities

Revenues for governmental activities were \$20,410,014 and expenses were \$18,557,931.

The following table presents the total and net cost of the District’s major governmental activities: instruction, support services and other expenses.

<b>Figure A-5</b>		
<b>Total and Net Cost of Governmental Activities</b>		
	Total Cost of Services	Net Cost of Services
Instruction	10,456,873	6,976,052
Support services	5,755,653	5,595,440
Other expenditures	2,345,405	1,680,510
<b>Totals</b>	<b>18,557,931</b>	<b>14,252,002</b>

- The cost financed by users of the District’s programs was \$1,764,552.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,541,377.
- The remaining cost of governmental activities was financed with \$6,676,245 in property and other taxes, \$9,115,539 in state foundation aid, \$19,880 in interest income and \$292,421 in other miscellaneous revenue.

## Business-Type Activities

Revenues of the District’s business-type activities were \$1,029,381 and expenses were \$1,106,055. 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, 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 \$10,336,941 at June 30, 2013, an increase of \$421,805 or 4.25 percent over the prior year.

## **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 district has rebuilt cash reserves after previous state aid cuts reduced the district's cash reserves.
- The General Fund balance increased from \$5,397,595 to \$5,879,807.
- The balance of the Physical Plant and Equipment Levy (PPEL) Account within the Capital Projects Fund increased from \$431,650 in fiscal year 2011-2012 to \$630,862 in fiscal year 2012-2013. Patrons voted to re-instate the voter approved PPEL levy up to an amount of \$1.34 effective July 1, 2008.
- The Capital Projects Fund is comprised of several accounts: Local Option Sales Tax that has been received since July, 2000 has been used for various renovations and improvements, including the athletic field turf project began in the summer of 2013 and funded with local option sales tax monies; the PPEL account noted above; and the Other Capital Projects account used for various other improvement projects. The overall balance of the Capital Projects Fund decreased slightly, from \$2,815,237 in fiscal 2011-2012 to \$2,795,135 in fiscal 2012-2013.
- The Debt Service Fund balance decreased slightly from \$1,224,694 in fiscal year 2011-2012 to \$1,147,435 in fiscal year 2012-2013, a decrease of 6.3 percent.

## **Proprietary Fund Highlights**

The School Nutrition Fund net position decreased from \$510,055 at June 30, 2012 to \$432,587 at June 30, 2013. Revenues for the School Nutrition Fund totaled \$840,928. Expenditures for the School Nutrition Fund totaled \$918,396, resulting in the \$77,468 decrease in net position.

## **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 \$934,781 more than the total budgeted revenues, a variance of 4.6%.

Total expenditures were \$482,760 less than budgeted, a variance of 2.2%. The District's certified budget should always exceed the actual expenditures during the year in total. The certified budget is based on expenditures in four function areas of instruction, support services, non-instructional programs and other expenditures. The District did not exceed the budgeted amounts in any of the four areas.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2013, the District had invested \$28,103,173 net of accumulated depreciation of \$8,883,711, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment (see Figure A-6). More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year totaled \$969,267.

The original cost of the District's capital assets was \$36,986,884. Governmental funds account for \$36,196,521 with the remainder of \$790,363 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in buildings and improvements category as the elementary boiler project and the baseball field renovation project were completed during the 2012-2013 fiscal year.

<b>Figure A-6</b>						
<b>Capital Assets, net of Depreciation</b>						
	Governmental		Business-type		Total	
	Activities		Activities		School District	
	2013	2012	2013	2012	2013	2012
Land	481,177	481,177			481,177	481,177
Construction in progress	75,449	375,366			75,449	375,366
Buildings	26,116,284	25,914,206			26,116,284	25,914,206
Improvements other than buildings						
Furniture and equipment	1,022,433	981,032	407,830	422,149	1,430,263	1,403,181
<b>Totals</b>	<b>27,695,343</b>	<b>27,751,781</b>	<b>407,830</b>	<b>422,149</b>	<b>28,103,173</b>	<b>28,173,930</b>

### Long-Term Liabilities

At June 30, 2013, the District had \$18,399,726 in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of approximately 6.6 percent from last year (see Figure A-7). More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

In December 2005 and April 2006 a total of \$9,000,000 in bonds were sold to fund the middle school construction project. Interest payments began in FY 2007 with final payment in FY 2026.

In 2004-2005, 3,100,000 in sales tax bonds provided funding for the early childhood addition to the elementary building. Repayment began January 2005 and was paid off July 2012, two years early.

In August of 2008, the District took out a general obligation school capital loan note in the amount of \$443,000 to upgrade technology equipment district-wide. Repayment began in January, 2009 and ended in July, 2012 and was funded by the voted PPEL.

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
	2013	2012	2012- 2013
Notes payable	0	110,750	
General obligation bonds	7,040,000	7,440,000	-0.05376
Revenue bonds	11,045,000	11,820,000	-0.06556
Early retirement	306,257	316,707	-0.30535
Compensated absences	8,469	6,285	104.862
<b>Totals</b>	<b>18,399,726</b>	<b>19,693,742</b>	<b>-0.06571</b>

**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 certified enrollment for the 2011-2012 school year was 1782.3 which was a decrease in certified enrollment by 6 students. This was the budget enrollment for the 2012-2013 fiscal year. The certified enrollment count for the 2012-2013 school year was 1787.29, approximately an increase of 5 for the budget enrollment for the 2013-2014 fiscal year.
- The District evaluated the condition of its transportation vehicles and purchased a new bus with sales tax dollars during 2012-2013. The district does evaluate the fleet of vehicles each year to determine needs and possible replacement of older buses.
- Increasing insurance costs always play a big factor in negotiating with the Carlisle Community Education Association (CCEA). Insurance packages and premiums are reviewed annually. The District will continue to monitor the affects of the Affordable Care Act on insurance premiums and District coverage liability.
- A special election was held on January 13, 2004 asking Warren County residents to pass a Local Option Sales Tax. Income from this tax did not start until July 1, 2004 and will be collected for a 10 year period. Polk County Local Option Sales Tax began July 1, 2001 and will end June 30, 2010. The revenue from sales tax in the two counties is funding the revenue bond issue that was approved FY04 and sold in FY05. The State Legislature passed legislation for a statewide penny in the spring of 2008. The legislation will replace the previous local option sales tax as their 10 year periods end. The statewide penny will increase the per pupil calculation for the district allowing for more money to be invested in infrastructure projects allowed by the Revenue Purpose Statement which was approved by the voters on Sept. 9, 2008.

- The District 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 January, 2009 and ended with the final payment July, 2012 with voter approved PPEL funds as the funding source. The District will need to replace teacher laptops and continue to add and update technology equipment in classrooms.
- 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 began an athletic field turf project the summer of 2013 with anticipated completion the spring of 2014. The project totaling \$636,750 will be funded with sales tax money.

### **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 POSITION

June 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 10,871,900	\$ 73,233	\$ 10,945,133
Receivables:			
Property tax:			
Current year	47,003	-	47,003
Succeeding year	5,229,303	-	5,229,303
Interfund receivable (payable) (note 3)	159,116	(159,116)	-
Accounts	14,288	-	14,288
Due from other governments	1,397,700	-	1,397,700
Inventories	-	181,725	181,725
Capital assets, net of accumulated depreciation (note 5)	27,695,343	407,830	28,103,173
<b>Total assets</b>	<b>45,414,653</b>	<b>503,672</b>	<b>45,918,325</b>
<b>Liabilities</b>			
Accounts payable	362,541	89	362,630
Salaries and benefits payable	1,425,336	29,212	1,454,548
Accrued interest payable	326,880	-	326,880
Deferred revenue:			
Succeeding year property tax	5,229,303	-	5,229,303
Other	566	8,161	8,727
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	117,087	-	117,087
Bonds payable	625,000	-	625,000
Compensated absences	8,469	-	8,469
Portion due after one year:			
Early retirement	189,170	-	189,170
Bonds payable	17,460,000	-	17,460,000
<b>Total liabilities</b>	<b>25,744,352</b>	<b>37,462</b>	<b>25,781,814</b>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$ 9,610,343	\$ 407,830	\$ 10,018,173
Restricted for:			
Categorical funding	815,815	-	815,815
Management levy purposes	50,938	-	50,938
Physical plant and equipment levy purposes	630,862	-	630,862
Student activities	157,369	-	157,369
Debt service	1,840,975	-	1,840,975
Capital projects	1,143,853	-	1,143,853
Unrestricted	<u>5,420,146</u>	<u>58,380</u>	<u>5,478,526</u>
Total net position	<u>\$ 19,670,301</u>	<u>\$ 466,210</u>	<u>\$ 20,136,511</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
<b>Governmental Activities:</b>			
Instruction:			
Regular instruction	\$ 6,575,297	\$ 1,090,386	\$ 1,621,924
Special instruction	2,110,925	272,028	106,312
Other instruction	1,770,651	390,171	-
	<u>10,456,873</u>	<u>1,752,585</u>	<u>1,728,236</u>
Support services:			
Student services	690,776	-	125,180
Instructional staff services	410,462	-	12,136
Administration services	2,351,052	-	-
Operation and maintenance of plant services	1,480,209	10,647	-
Transportation services	823,154	1,320	10,930
	<u>5,755,653</u>	<u>11,967</u>	<u>148,246</u>
Other expenditures:			
Facilities acquisition	65,375	-	-
Long-term debt interest and fiscal charges	864,182	-	-
AEA flowthrough	664,895	-	664,895
Depreciation (unallocated) *	750,953	-	-
	<u>2,345,405</u>	<u>-</u>	<u>664,895</u>
Total governmental activities	<u>18,557,931</u>	<u>1,764,552</u>	<u>2,541,377</u>
<b>Business-Type Activities:</b>			
Instruction:			
Purchased services	<u>2,523</u>	<u>2,815</u>	<u>-</u>
Support services:			
Purchased services	<u>14,571</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue  
and Changes in Net Position

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<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (3,862,987)	\$ -	\$ (3,862,987)
(1,732,585)	-	(1,732,585)
<u>(1,380,480)</u>	<u>-</u>	<u>(1,380,480)</u>
<u>(6,976,052)</u>	<u>-</u>	<u>(6,976,052)</u>
(565,596)	-	(565,596)
(398,326)	-	(398,326)
(2,351,052)	-	(2,351,052)
(1,469,562)	-	(1,469,562)
<u>(810,904)</u>	<u>-</u>	<u>(810,904)</u>
<u>(5,595,440)</u>	<u>-</u>	<u>(5,595,440)</u>
(65,375)	-	(65,375)
(864,182)	-	(864,182)
-	-	-
<u>(750,953)</u>	<u>-</u>	<u>(750,953)</u>
<u>(1,680,510)</u>	<u>-</u>	<u>(1,680,510)</u>
<u>(14,252,002)</u>	<u>-</u>	<u>(14,252,002)</u>
-	292	292
-	(14,571)	(14,571)

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Business-Type Activities (continued):			
Non-instructional programs:			
Food service operations	\$ 903,825	\$ 480,498	\$ 360,294
Other	185,136	185,588	-
	<u>1,088,961</u>	<u>666,086</u>	<u>360,294</u>
Total business-type activities	<u>1,106,055</u>	<u>668,901</u>	<u>360,294</u>
Total	<u>\$ 19,663,986</u>	<u>\$ 2,433,453</u>	<u>\$ 2,901,671</u>

General revenues:

Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Statewide sales, services and use tax  
Unrestricted state and federal grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net position

Net position beginning of year

Net position 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 Position

---

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>		<u>Total</u>
\$	-	\$ (63,033)	\$	(63,033)
	-	452		452
	-	(62,581)		(62,581)
	-	(76,860)		(76,860)
	(14,252,002)	(76,860)		(14,328,862)
\$	3,567,766	\$ -	\$	3,567,766
	1,126,091	-		1,126,091
	464,338	-		464,338
	1,518,050	-		1,518,050
	9,115,539	-		9,115,539
	19,880	186		20,066
	292,421	-		292,421
	16,104,085	186		16,104,271
	1,852,083	(76,674)		1,775,409
	17,818,218	542,884		18,361,102
\$	<u>19,670,301</u>	<u>\$ 466,210</u>	\$	<u>20,136,511</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 6,721,396	\$ 1,137,916	\$ 2,141,573	\$ 506,004	\$ 10,506,889
Receivables:					
Property tax:					
Current year	28,936	10,269	4,234	3,564	47,003
Succeeding year	3,061,752	1,179,944	487,608	499,999	5,229,303
Interfund receivable (note 3)	159,116	-	-	-	159,116
Accounts	295	-	-	13,993	14,288
Due from other governments	657,835	-	739,865	-	1,397,700
 Total assets	 <u>\$ 10,629,330</u>	 <u>\$ 2,328,129</u>	 <u>\$ 3,373,280</u>	 <u>\$ 1,023,560</u>	 <u>\$ 17,354,299</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 266,847	\$ 750	\$ 90,537	\$ 4,019	\$ 362,153
Salaries and benefits payable	1,420,358	-	-	4,978	1,425,336
Deferred revenue:					
Succeeding year property tax	3,061,752	1,179,944	487,608	499,999	5,229,303
Other	566	-	-	-	566
Total liabilities	<u>4,749,523</u>	<u>1,180,694</u>	<u>578,145</u>	<u>508,996</u>	<u>7,017,358</u>
Fund balances:					
Restricted for:					
Categorical funding (note 11)	815,815	-	-	-	815,815
Revenue bonds sinking fund	-	-	1,020,420	-	1,020,420
Debt service	-	1,147,435	-	-	1,147,435
Management levy purposes	-	-	-	357,195	357,195
Student activities	-	-	-	157,369	157,369
School infrastructure	-	-	1,143,853	-	1,143,853
Physical plant and equipment	-	-	630,862	-	630,862
Unassigned	5,063,992	-	-	-	5,063,992
Total fund balances	<u>5,879,807</u>	<u>1,147,435</u>	<u>2,795,135</u>	<u>514,564</u>	<u>10,336,941</u>
Total liabilities and fund balances	<u>\$ 10,629,330</u>	<u>\$ 2,328,129</u>	<u>\$ 3,373,280</u>	<u>\$ 1,023,560</u>	<u>\$ 17,354,299</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 June 30, 2013

Total fund balances of governmental funds	\$ 10,336,941
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	27,695,343
The Internal Service Funds are included in Governmental Activities due to the integral nature of these funds to those Governmental Activities.	364,623
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.	(326,880)
Long-term liabilities, including bonds payable, compensated absences, and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(18,399,726)</u>
Net position of governmental activities	<u>\$ 19,670,301</u>
See notes to financial statements.	

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2013

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,174,792	\$ 1,125,485	\$ 1,982,138	\$ 391,051	\$ 6,673,466
Tuition	1,272,599	-	-	-	1,272,599
Other	395,596	1,397	7,009	397,269	801,271
Intermediate sources	5,000	-	-	-	5,000
State sources	11,226,762	607	250	211	11,227,830
Federal sources	429,848	-	-	-	429,848
Total revenues	<u>16,504,597</u>	<u>1,127,489</u>	<u>1,989,397</u>	<u>788,531</u>	<u>20,410,014</u>
Expenditures:					
Current:					
Instruction	10,099,328	-	37,488	488,247	10,625,063
Support services:					
Student	690,058	-	-	-	690,058
Instructional staff	274,773	-	116,293	-	391,066
Administration	2,154,524	-	71,940	187,253	2,413,717
Operation and maintenance of plant	1,426,813	-	-	62,409	1,489,222
Transportation	711,994	-	99,657	13,668	825,319
	<u>5,258,162</u>	<u>-</u>	<u>287,890</u>	<u>263,330</u>	<u>5,809,382</u>
Other expenditures:					
Facilities acquisition	-	-	718,489	-	718,489
Long term debt:					
Principal	-	1,285,750	-	-	1,285,750
Interest and fiscal charges	-	884,630	-	-	884,630
AEA flowthrough	664,895	-	-	-	664,895
	<u>664,895</u>	<u>2,170,380</u>	<u>718,489</u>	<u>-</u>	<u>3,553,764</u>
Total expenditures	<u>16,022,385</u>	<u>2,170,380</u>	<u>1,043,867</u>	<u>751,577</u>	<u>19,988,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>482,212</u>	<u>(1,042,891)</u>	<u>945,530</u>	<u>36,954</u>	<u>421,805</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):					
Interfund transfers in (note 4)	\$ -	\$ 965,632	\$ -	\$ -	\$ 965,632
Interfund transfers out (note 4)	-	-	(965,632)	-	(965,632)
Total other financing sources (uses)	<u>-</u>	<u>965,632</u>	<u>(965,632)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	482,212	(77,259)	(20,102)	36,954	421,805
Fund balances beginning of year	<u>5,397,595</u>	<u>1,224,694</u>	<u>2,815,237</u>	<u>477,610</u>	<u>9,915,136</u>
Fund balances end of year	<u>\$ 5,879,807</u>	<u>\$ 1,147,435</u>	<u>\$ 2,795,135</u>	<u>\$ 514,564</u>	<u>\$ 10,336,941</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 421,805

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 Position 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	\$ 873,142	
Depreciation expense	<u>(929,580)</u>	(56,438)

The increase in net assets of the Internal Service Funds represents an overcharge to the governmental funds and is therefore added back to the Statement of Activities. 172,252

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position 1,285,750

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. 20,448

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	10,450	
Compensated absences	(2,184)	
Net OPEB liability	<u>8,266</u>	<u>8,266</u>

Change in net position of governmental activities \$ 1,852,083

See notes to financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
PROPRIETARY FUND

June 30, 2013

	Enterprise Funds			Internal Service Funds
	School Nutrition	Non-Major Enterprise	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 44,106	\$ 29,127	\$ 73,233	\$ 365,011
Inventories	18,092	163,633	181,725	-
Capital assets, net of accumulated depreciation (note 5)	407,830	-	407,830	-
Total assets	<u>470,028</u>	<u>192,760</u>	<u>662,788</u>	<u>365,011</u>
Liabilities				
Accounts payable	68	21	89	388
Salaries and benefits payable	29,212	-	29,212	-
Interfund payable (note 3)	-	159,116	159,116	-
Deferred revenue	8,161	-	8,161	-
Total liabilities	<u>37,441</u>	<u>159,137</u>	<u>196,578</u>	<u>388</u>
Net Position				
Invested in capital assets	407,830	-	407,830	-
Unrestricted	<u>24,757</u>	<u>33,623</u>	<u>58,380</u>	<u>364,623</u>
Total net position	<u>\$ 432,587</u>	<u>\$ 33,623</u>	<u>\$ 466,210</u>	<u>\$ 364,623</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2013

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Operating revenues:				
Local sources:				
Charges for services	\$ 480,498	\$ 188,403	\$ 668,901	\$ 1,261,716
Operating expenses:				
Instruction:				
Insurance premiums	-	-	-	972,386
Purchased services	-	2,523	2,523	117,078
	-	2,523	2,523	1,089,464
Support services:				
Purchased services	14,571	-	14,571	-
Non-instructional programs:				
Salaries	276,873	-	276,873	-
Benefits	86,176	-	86,176	-
Supplies	500,247	185,136	685,383	-
Depreciation	39,687	-	39,687	-
Other	842	-	842	-
	903,825	185,136	1,088,961	-
Total expenses	918,396	187,659	1,106,055	1,089,464
Operating income (loss)	(437,898)	744	(437,154)	172,252
Non-operating revenues:				
Interest on investments	136	50	186	-
State sources	7,625	-	7,625	-
Federal sources	352,669	-	352,669	-
Total non-operating revenues	360,430	50	360,480	-
Change in net position	(77,468)	794	(76,674)	172,252
Net position beginning of year	510,055	32,829	542,884	192,371
Net position end of year	\$ 432,587	\$ 33,623	\$ 466,210	\$ 364,623

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2013

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 466,199	\$ -	\$ 466,199	\$ -
Cash received from miscellaneous operating activities	13,683	188,403	202,086	1,261,716
Cash payments to employees for services	(371,052)	-	(371,052)	-
Cash payments to suppliers for goods or services	(474,506)	(166,646)	(641,152)	(1,089,119)
Net cash provided by (used by) operating activities	<u>(365,676)</u>	<u>21,757</u>	<u>(343,919)</u>	<u>172,597</u>
Cash flows from non-capital financing activities:				
State grants received	7,625	-	7,625	-
Federal grants received	311,642	-	311,642	-
(Decrease) in due to other funds	-	(21,465)	(21,465)	-
Net cash provided by (used by) non-capital financing activities	<u>319,267</u>	<u>(21,465)</u>	<u>297,802</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of equipment	(25,368)	-	(25,368)	-
Cash flows from investing activities:				
Interest on investments	136	50	186	-
Net increase (decrease) in cash and cash equivalents	(71,641)	342	(71,299)	172,597
Cash and cash equivalents beginning of year	<u>115,747</u>	<u>28,785</u>	<u>144,532</u>	<u>192,414</u>
Cash and cash equivalents end of year	<u>\$ 44,106</u>	<u>\$ 29,127</u>	<u>\$ 73,233</u>	<u>\$ 365,011</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2013

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (437,898)	\$ 744	\$ (437,154)	\$ 172,252
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	39,687	-	39,687	-
Commodities used	41,027	-	41,027	-
Decrease in inventories	59	21,503	21,562	-
Increase (decrease) in accounts payable	68	(490)	(422)	345
(Decrease) in salaries and benefits payable	(8,003)	-	(8,003)	-
(Decrease) in deferred revenue	(616)	-	(616)	-
Net cash provided by (used by) operating activities	<u>\$ (365,676)</u>	<u>\$ 21,757</u>	<u>\$ (343,919)</u>	<u>\$ 172,597</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$41,027 of federal commodities.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2013

	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>23,392</u>	\$ <u>2,266</u>
Liabilities:		
Due to Metro Area Superintendents	<u>-</u>	<u>2,266</u>
Net position:		
Reserved for scholarships	\$ <u><u>23,392</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2013

		Private Purpose Trust
		<u>Scholarship</u>
Additions:		
Local sources:		
Interest	\$	<u>40</u>
Deductions:		
None		<u>-</u>
Change in net position		40
Net position beginning of year		<u>23,352</u>
Net position end of year	\$	<u><u>23,392</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 Position (previously referred to as 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets 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 position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has 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. Combining schedules are also included for the Capital Projects Fund accounts.

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 property tax and other revenues to be used 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 and other capital assets.

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 position and changes in net position. 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.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 the 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 position 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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 funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

Interfund Receivable/Payable – All amounts shown as interfund receivables and payables arise from pooled cash balances.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 Position. 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
Intangibles	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 over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40-50 years
Intangibles	5-15 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

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

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

Deferred revenue in the Statement of Net Position consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned meal revenues.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 Position.

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, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 2. Cash and Pooled Investments (continued)

At June 30, 2013, the District had investments as follow:

	<u>Value</u>
U.S. Treasury Securities	\$ 420,000
Iowa Schools Joint Investment Trust, Diversified Portfolio	<u>744,322</u>
	<u>\$ 1,164,322</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in U.S. Treasury Securities are valued at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor’s Financial Services. The investment in U.S. Treasury Securities is not subject to credit risk rating.

Note 3. Interfund Receivables/Payables

<u>Due to:</u>	<u>Due from:</u>	<u>Total</u>
General Fund	Enterprise Fund, Building and Trades	\$ <u>159,116</u>

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>965,632</u>

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 481,177	\$ -	\$ -	\$ 481,177
Construction in progress	375,366	378,902	678,819	75,449
Total capital assets not being depreciated	<u>856,543</u>	<u>378,902</u>	<u>678,819</u>	<u>556,626</u>
Capital assets being depreciated:				
Buildings	32,088,484	953,031	-	33,041,515
Furniture and equipment	2,390,027	220,028	11,675	2,598,380
Total capital assets being depreciated	<u>34,478,511</u>	<u>1,173,059</u>	<u>11,675</u>	<u>35,639,895</u>
Less accumulated depreciation for:				
Buildings	6,174,278	750,953	-	6,925,231
Furniture and equipment	1,408,995	178,627	11,675	1,575,947
Total accumulated depreciation	<u>7,583,273</u>	<u>929,580</u>	<u>11,675</u>	<u>8,501,178</u>
Total capital assets being depreciated, net	<u>26,895,238</u>	<u>243,479</u>	<u>-</u>	<u>27,138,717</u>
Governmental activities capital assets, net	<u>\$ 27,751,781</u>	<u>\$ 622,381</u>	<u>\$ 678,819</u>	<u>\$ 27,695,343</u>
Business-type activities:				
Furniture and equipment	\$ 764,995	\$ 25,368	\$ -	\$ 790,363
Less accumulated depreciation	342,846	39,687	-	382,533
Business-type activities capital assets, net	<u>\$ 422,149</u>	<u>\$ (14,319)</u>	<u>\$ -</u>	<u>\$ 407,830</u>

CARLISLE COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 23,685
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Support services:

Student	718
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Instructional staff	19,396
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Administration	300
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Operation and maintenance of plant	27,753
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Transportation	106,775
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	178,627
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Unallocated depreciation	750,953
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Total depreciation expense - governmental activities	\$ 929,580
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Business-type activities:

Food service operations	\$ 39,687
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CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 316,707	\$ 86,258	\$ 96,708	\$ 306,257	\$ 117,087
General obligation bonds	7,440,000	-	400,000	7,040,000	415,000
Revenue bonds	11,820,000	-	775,000	11,045,000	210,000
Notes payable	110,750	-	110,750	-	-
Compensated absences	6,285	8,469	6,285	8,469	8,469
Total	<u>\$ 19,693,742</u>	<u>\$ 94,727</u>	<u>\$ 1,388,743</u>	<u>\$ 18,399,726</u>	<u>\$ 750,556</u>

Early Retirement

For the year ended June 30, 2013, 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, except for the Superintendent, who will receive health insurance paid at the full family rate, until the employee reaches age 65 or otherwise becomes eligible for Medicare. The District had two new participants in the early retirement plan for the year ended June 30, 2013. In addition, the overall early retirement liability increased due to the increased costs of health insurance.

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

At June 30, 2013, the District had obligations to 18 participants with a total liability of \$306,257. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$96,708. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds Payable

Details of the District's June 30, 2013 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
2014	4.75 %	\$ 225,000	\$ 138,688	\$ 4.25 %	\$ 190,000	\$ 150,255	\$ 415,000	\$ 288,943
2015	4.75	235,000	128,000	5.00	200,000	142,180	435,000	270,180
2016	3.75	245,000	116,838	5.00	210,000	132,180	455,000	249,018
2017	3.80	255,000	107,650	3.80	220,000	121,680	475,000	229,330
2018	3.85	265,000	97,960	3.85	225,000	113,320	490,000	211,280
2019	3.90	275,000	87,757	3.85	240,000	104,658	515,000	192,415
2020	3.95	285,000	77,033	3.90	250,000	95,418	535,000	172,451
2021	3.95	300,000	65,775	4.00	255,000	85,667	555,000	151,442
2022	4.00	315,000	53,925	4.00	265,000	75,468	580,000	129,393
2023	4.00	325,000	41,325	4.05	280,000	64,867	605,000	106,192
2024	4.05	340,000	28,325	4.10	290,000	53,527	630,000	81,852
2025	4.10	355,000	14,555	4.15	305,000	41,638	660,000	56,193
2026	-	-	-	4.20	690,000	28,980	690,000	28,980
		<u>\$ 3,420,000</u>	<u>\$ 957,831</u>		<u>\$ 3,620,000</u>	<u>\$ 1,209,838</u>	<u>\$ 7,040,000</u>	<u>\$ 2,167,669</u>

During the year ended June 30, 2013, the District levied for additional debt service tax revenues beyond the current year needs. This additional revenue has been placed in an irrevocable escrow account to advance refund \$420,000 of the principal due on the January 1, 2006 general obligation bonds when those bonds become callable on May 1, 2015. The bonds will remain on District records until the call date. The balance of the trust fund at June 30, 2013 was \$420,000.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Liabilities (continued)

Revenue Bonds

During the year ended June 30, 2013 the District used available local option sales and services tax revenues and the sinking fund balance held in the Debt Service Fund to advance refund \$390,000 of the revenue bonds issued July 1, 2004. Those bonds had interest rates ranging from 4.1% to 4.2% and were payable through the year ended June 30, 2015. The District saved \$16,495 through the refunding process, with a net economic value of \$15,679.

Details of the District's June 30, 2013 sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue dated May 1, 2009			
	Interest Rates	Principal	Interest	Total
2014	4.25 %	\$ 210,000	\$ 552,983	\$ 762,983
2015	4.25	220,000	543,845	763,845
2016	4.25	480,000	528,970	1,008,970
2017	4.25	500,000	508,145	1,008,145
2018	4.25	520,000	486,470	1,006,470
2019	4.25	545,000	463,839	1,008,839
2020	4.50	565,000	439,545	1,004,545
2021	4.75	590,000	412,820	1,002,820
2022	5.00	615,000	383,432	998,432
2023	5.10	645,000	351,610	996,610
2024	5.20	675,000	317,613	992,613
2025	5.25	705,000	281,556	986,556
2026	5.30	740,000	243,440	983,440
2027	5.40	780,000	202,770	982,770
2028	5.50	815,000	159,297	974,297
2029	5.55	860,000	113,020	973,020
2030	5.60-5.70	1,580,000	63,815	1,643,815
		<u>\$ 11,045,000</u>	<u>\$ 6,053,170</u>	<u>\$ 17,098,170</u>

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 and are not 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:

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Liabilities (continued)

Revenue Bonds (continued)

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 July 1, 2019, may be called for redemption by the issuer and paid before maturity on said date or any date thereafter for the issue dated May 1, 2009.

\$1,020,420 of the proceeds from the bond issue dated May 1, 2009 has 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 \$11,325,000 bonds issued in 2009. Those 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 June 30, 2030. The bonds are not general obligations of the District. Annual principal and interest payments on the bonds are expected to require nearly 50 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$17,098,170. For the current year, principal and interest paid on revenue bonds totaled \$1,348,490 and total local option sales and services tax revenues were \$1,518,050.

Note 7. Other Postemployment Benefits (OPEB)

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 169 active and 22 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 7. Other Postemployment Benefits (OPEB) (continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	155,239
Interest on net OPEB obligation		(10,376)
Adjustment to annual required contribution		9,201
Annual OPEB cost		<u>154,064</u>
Contributions made		<u>195,433</u>
(Decrease) in net OPEB obligation		(41,369)
Net OPEB obligation beginning of year		<u>(230,573)</u>
Net OPEB obligation end of year	\$	<u><u>(271,942)</u></u>

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 the 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, 2013.

For the year ended June 30, 2013, the District contributed \$195,433 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 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 130,103	100%	\$ -
June 30, 2011	\$ 119,451	100%	\$ -
June 30, 2012	\$ 116,691	100%	\$ -
June 30, 2013	\$ 112,896	100%	\$ -

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,642,473, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,642,473. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10,009,000, and the ratio of the UAAL to covered payroll was 16.4%. As of June 30, 2013, there were no trust fund assets.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 7. 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 projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5.0%. The projected medical trend rate is reduced .5% each year until reaching the ultimate medical trend rate.

Mortality rates are from the RP-2000 Combined Healthy Generational Mortality Table with projection scale AA, applied on a gender-specific basis. Annual retirement and termination probabilities are from the IPERS Actuarial Valuation Report as of June 30, 2011.

Projected claim costs of the medical plan are \$3,350 per month for retirees less than age 65.

Note 8. 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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered payroll for the year ended June 30, 2013. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$855,017, \$751,337, and \$619,361, respectively, equal to the required contributions for each year.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 9. Risk Management

Partial Self-Funded Insurance Plan

The District has a partial self-funded insurance plan. The plan is funded by contributions from the District and is administered through a service agreement with Wellmark/Blue Cross-Blue Shield of Iowa. The agreement is not subject to automatic renewal provisions. The district assumes liability for claims up to the difference between the \$500 or \$1,000 deductible plan paid for by the employee and the \$1,500 deductible plan purchased by the District.

Monthly payments of service fees and plan contributions to the Carlisle Community School District Employee Group Insurance Plan are recorded as expenditures from the General and School Nutrition funds. Under the administrative services agreement, weekly payments of service fees and claims processed are paid to Wellmark/Blue Cross-Blue Shield of Iowa from the Carlisle Community School District Employee Group Insurance Plan fund as an Internal Service Fund. The District's contributions to the fund for the year ended June 30, 2013 were \$1,073,764.

The Internal Service Fund, Self-Funded Insurance Plan unrestricted net position was \$362,282 at June 30, 2013.

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 10. 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 \$664,895 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2013 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Gifted and talented programs	\$ 312,484
Returning dropouts and dropout prevention	116,618
Statewide voluntary 4 year-old preschool	127,607
Salary improvement program	72,865
Home school assistance program	70,356
Professional development for model core curriculum	64,157
Professional development	34,332
Beginning teacher mentoring and induction	10,326
Market factor incentives	5,172
Assessment grants	1,568
Evaluator training	<u>330</u>
 Total	 <u>\$ 815,815</u>

Note 12. Construction Commitments

The District has entered into a contract totaling \$184,800 for a roofing project. As of June 30, 2013 the project had not yet been started.

Note 13. Subsequent Event

On October 14, 2013, the District approved a contract totaling \$603,500 for an athletic field turf project.

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, 2013

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds - Actual	Fund - Actual		Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 8,747,336	\$ 669,087	\$ 9,416,423	\$ 8,652,350	\$ 8,652,350	\$ 764,073
Intermediate sources	5,000	-	5,000	-	-	5,000
State sources	11,227,830	7,625	11,235,455	11,378,264	11,378,264	(142,809)
Federal sources	429,848	352,669	782,517	474,000	474,000	308,517
<b>Total revenues</b>	<b>20,410,014</b>	<b>1,029,381</b>	<b>21,439,395</b>	<b>20,504,614</b>	<b>20,504,614</b>	<b>934,781</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	10,625,063	2,523	10,627,586	10,795,500	10,795,500	167,914
Support services	5,809,382	14,571	5,823,953	6,017,600	6,047,750	223,797
Non-instructional programs	-	1,088,961	1,088,961	1,080,000	1,105,000	16,039
Other expenditures	3,553,764	-	3,553,764	2,778,960	3,628,774	75,010
<b>Total expenditures/expenses</b>	<b>19,988,209</b>	<b>1,106,055</b>	<b>21,094,264</b>	<b>20,672,060</b>	<b>21,577,024</b>	<b>482,760</b>
Excess (deficiency) of revenues over (under) expenditures/ expenses	421,805	(76,674)	345,131	(167,446)	(1,072,410)	1,417,541
Other financing sources, net	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	421,805	(76,674)	345,131	(167,446)	(1,072,410)	1,417,541
Balance beginning of year	9,915,136	542,884	10,458,020	9,171,002	9,171,002	1,287,018
Balance end of year	<u>\$ 10,336,941</u>	<u>\$ 466,210</u>	<u>\$ 10,803,151</u>	<u>\$ 9,003,556</u>	<u>\$ 8,098,592</u>	<u>\$ 2,704,559</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2013

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 a GAAP 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 \$904,964.

During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
(In Thousands)

Required Supplementary Information  
Year Ended June 30, 2013

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%
2011	July 1, 2009	-	1,206	1,206	0.0%	9,100	13.3%
2012	July 1, 2009	-	1,031	1,031	0.0%	9,500	10.9%
2013	July 1, 2012	-	1,642	1,642	0.0%	10,009	16.4%

See note 7 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.

See accompanying independent auditor's report.

Supplementary Information

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

	<u>Special Revenue</u>		<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	
<b>Assets</b>			
Cash and pooled investments	\$ 353,631	\$ 152,373	\$ 506,004
Receivables:			
Property tax:			
Current year	3,564	-	3,564
Succeeding year	499,999	-	499,999
Accounts	-	13,993	13,993
Total assets	<u>\$ 857,194</u>	<u>\$ 166,366</u>	<u>\$ 1,023,560</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 4,019	\$ 4,019
Salaries and benefits payable	-	4,978	4,978
Deferred revenue:			
Succeeding year property tax	499,999	-	499,999
Total liabilities	<u>499,999</u>	<u>8,997</u>	<u>508,996</u>
<b>Fund balances:</b>			
Restricted for:			
Management levy purposes	357,195	-	357,195
Student activities	-	157,369	157,369
Total fund balances	<u>357,195</u>	<u>157,369</u>	<u>514,564</u>
Total liabilities and fund balances	<u>\$ 857,194</u>	<u>\$ 166,366</u>	<u>\$ 1,023,560</u>

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, 2013

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 391,051	\$ -	\$ 391,051
Other	7,489	389,780	397,269
State sources	211	-	211
Total revenues	<u>398,751</u>	<u>389,780</u>	<u>788,531</u>
Expenditures:			
Current:			
Instruction	89,046	399,201	488,247
Support services:			
Administration	187,253	-	187,253
Operation and maintenance of plant	62,409	-	62,409
Transportation services	13,668	-	13,668
Total expenditures	<u>352,376</u>	<u>399,201</u>	<u>751,577</u>
Excess (deficiency) of revenues over (under) expenditures	46,375	(9,421)	36,954
Fund balances beginning of year	<u>310,820</u>	<u>166,790</u>	<u>477,610</u>
Fund balances end of year	<u>\$ 357,195</u>	<u>\$ 157,369</u>	<u>\$ 514,564</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS ACCOUNTS  
June 30, 2013

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
<b>Assets</b>				
Cash and pooled investments	\$ 418,664	\$ 702,077	\$ 1,020,832	\$ 2,141,573
Receivables:				
Property tax:				
Current year	-	4,234	-	4,234
Succeeding year	-	487,608	-	487,608
Due from other governments	739,865	-	-	739,865
	<u>\$ 1,158,529</u>	<u>\$ 1,193,919</u>	<u>\$ 1,020,832</u>	<u>\$ 3,373,280</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,088	\$ 75,449	\$ -	\$ 90,537
Deferred revenue:				
Succeeding year property tax	-	487,608	-	487,608
Total liabilities	<u>15,088</u>	<u>563,057</u>	<u>-</u>	<u>578,145</u>
<b>Fund balances:</b>				
Restricted for:				
Revenue bonds sinking fund	-	-	1,020,420	1,020,420
School infrastructure	1,143,441	-	412	1,143,853
Physical plant and equipment	-	630,862	-	630,862
Total fund balances	<u>1,143,441</u>	<u>630,862</u>	<u>1,020,832</u>	<u>2,795,135</u>
Total liabilities and fund balances	<u>\$ 1,158,529</u>	<u>\$ 1,193,919</u>	<u>\$ 1,020,832</u>	<u>\$ 3,373,280</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 Year Ended June 30, 2013

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ 1,518,050	\$ 464,088	\$ -	\$ 1,982,138
Other	3,208	733	3,068	7,009
State sources	-	250	-	250
Total revenues	<u>1,521,258</u>	<u>465,071</u>	<u>3,068</u>	<u>1,989,397</u>
Expenditures:				
Current:				
Instruction	-	37,488	-	37,488
Support services:				
Instructional staff	116,293	-	-	116,293
Administration	71,940	-	-	71,940
Transportation	99,657	-	-	99,657
Other expenditures:				
Facilities acquisition	602,718	115,771	-	718,489
Total expenditures	<u>890,608</u>	<u>153,259</u>	<u>-</u>	<u>1,043,867</u>
Excess of revenues over expenditures	630,650	311,812	3,068	945,530
Other financing sources (uses):				
Intrafund transfers in *	-	-	849,964	849,964
Intrafund transfers out *	(849,964)	-	-	(849,964)
Interfund transfers out	-	(112,600)	(853,032)	(965,632)
Total other financing sources (uses)	<u>(849,964)</u>	<u>(112,600)</u>	<u>(3,068)</u>	<u>(965,632)</u>
Net change in fund balances	(219,314)	199,212	-	(20,102)
Fund balances beginning of year	<u>1,362,755</u>	<u>431,650</u>	<u>1,020,832</u>	<u>2,815,237</u>
Fund balances end of year	<u>\$ 1,143,441</u>	<u>\$ 630,862</u>	<u>\$ 1,020,832</u>	<u>\$ 2,795,135</u>

See accompanying independent auditor's report.

\* = These numbers have been removed from the face of basic financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR ENTERPRISE FUNDS

June 30, 2013

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ -	\$ 29,127	\$ 29,127
Inventory	163,633	-	163,633
Total assets	<u>163,633</u>	<u>29,127</u>	<u>192,760</u>
Liabilities			
Accounts payable	21	-	21
Interfund payable	159,116	-	159,116
Total liabilities	<u>159,137</u>	<u>-</u>	<u>159,137</u>
Net Position			
Total net position	<u>\$ 4,496</u>	<u>\$ 29,127</u>	<u>\$ 33,623</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2013

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for services	\$ 185,588	\$ 2,815	\$ 188,403
Operating expenses:			
Instruction:			
Purchased services	-	2,523	2,523
Non-instructional programs:			
Supplies	185,136	-	185,136
Total expenses	185,136	2,523	187,659
Operating income	452	292	744
Non-operating revenues:			
Interest on investments	-	50	50
Change in net position	452	342	794
Net position beginning of year	4,044	28,785	32,829
Net position end of year	<u>\$ 4,496</u>	<u>\$ 29,127</u>	<u>\$ 33,623</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2013

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 185,588	\$ 2,815	\$ 188,403
Cash payments to suppliers for goods or services	<u>(164,123)</u>	<u>(2,523)</u>	<u>(166,646)</u>
Net cash provided by operating activities	<u>21,465</u>	<u>292</u>	<u>21,757</u>
Cash flows from non-capital financing activities:			
(Decrease) in due to other funds	<u>(21,465)</u>	-	<u>(21,465)</u>
Cash flows from investing activities:			
Interest on investments	<u>-</u>	<u>50</u>	<u>50</u>
Net increase in cash and cash equivalents	-	342	342
Cash and cash equivalents beginning of year	<u>-</u>	<u>28,785</u>	<u>28,785</u>
Cash and cash equivalents end of year	<u>\$ -</u>	<u>\$ 29,127</u>	<u>\$ 29,127</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 452	\$ 292	\$ 744
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease in inventories	21,503	-	21,503
(Decrease) in accounts payable	<u>(490)</u>	<u>-</u>	<u>(490)</u>
Net cash provided by operating activities	<u>\$ 21,465</u>	<u>\$ 292</u>	<u>\$ 21,757</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR INTERNAL SERVICE FUNDS  
June 30, 2013

	<u>Self-funded Health</u>	<u>Flex Plan</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 362,670	\$ 2,341	\$ 365,011
Liabilities			
Accounts payable	388	-	388
Net Position			
Unrestricted	<u>\$ 362,282</u>	<u>\$ 2,341</u>	<u>\$ 364,623</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 NONMAJOR INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2013

	<u>Self-funded Health</u>	<u>Flex Plan</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for services	\$ 1,176,417	\$ 85,299	\$ 1,261,716
Operating expenses:			
Instruction:			
Insurance premiums	972,386	-	972,386
Purchased services	32,818	84,260	117,078
	<u>1,005,204</u>	<u>84,260</u>	<u>1,089,464</u>
Operating income	171,213	1,039	172,252
Net position beginning of year	<u>191,069</u>	<u>1,302</u>	<u>192,371</u>
Net position end of year	<u>\$ 362,282</u>	<u>\$ 2,341</u>	<u>\$ 364,623</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR INTERNAL SERVICE FUNDS  
Year Ended June 30, 2013

	<u>Self-funded Health</u>	<u>Flex Plan</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 1,176,417	\$ 85,299	\$ 1,261,716
Cash payments to suppliers for goods or services	(1,004,859)	(84,260)	(1,089,119)
Net cash provided by operating activities	<u>171,558</u>	<u>1,039</u>	<u>172,597</u>
Cash and cash equivalents beginning of year	<u>191,112</u>	<u>1,302</u>	<u>192,414</u>
Cash and cash equivalents end of year	<u>\$ 362,670</u>	<u>\$ 2,341</u>	<u>\$ 365,011</u>
Reconciliation of operating income to net cash provided by (used by) operating activities:			
Operating income	\$ 171,213	\$ 1,039	\$ 172,252
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in accounts payable	<u>345</u>	<u>-</u>	<u>345</u>
Net cash provided by operating activities	<u>\$ 171,558</u>	<u>\$ 1,039</u>	<u>\$ 172,597</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Life Touch	\$ (1)	\$ -	\$ -	(1)
Landscaping Project	(40)	-	-	(40)
Books & Buddies	182	-	-	182
FCCLA	1,530	716	1,738	508
Spanish	546	574	516	604
Marketing Club	3,307	-	-	3,307
High School Student Council	5,042	9,600	11,215	3,427
K-6 Book Club	14,913	13,862	15,720	13,055
7-12 Book Club	20	1,286	1,286	20
High School Annual	7,958	8,165	6,865	9,258
Color Guard	252	-	182	70
Cheerleading	2,237	14,746	15,786	1,197
Middle School Student Council	1,418	1,604	1,724	1,298
Middle School Yearbook	440	3,881	3,538	783
Elementary Yearbook	381	3,149	3,356	174
Hartford Store	1,221	900	841	1,280
High School Academic Enrichment	4,115	5,065	2,023	7,157
SADD	1,748	981	1,127	1,602
Elementary Enrichment	10,343	14,748	21,096	3,995
Middle School Enrichment	2,303	25,543	25,436	2,410
Class of '07	(233)	-	-	(233)
Class of '08	1,154	-	-	1,154
Class of '09	52	-	-	52
Class of '10	(184)	-	-	(184)
Class of '11	297	-	-	297
Class of '12	3	-	-	3
Class of '13	-	-	-	-
Interest	7,734	329	-	8,063
5-6 Band Concessions	748	-	-	748
Drama	3,219	-	-	3,219
Speech Club	(1,926)	-	-	(1,926)
Debate Club	181	375	288	268
High School Chorus	11,084	142	212	11,014
Musical Productions	8,201	3,977	3,400	8,778
7-12 Band	2,242	3,737	1,360	4,619
All Athletics	21,763	70,168	80,855	11,076
Basketball - Girls	1,047	1,500	2,208	339
Basketball - Boys	2,904	14,204	16,558	550
Soccer - Girls	1,528	-	420	1,108
Soccer - Boys	668	-	172	496
Track - Girls	756	8,210	8,209	757

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Track - Boys	\$ 266	\$ 6,205	\$ 6,379	\$ 92
Cross Country	238	5,054	5,014	278
Weightlifting	10,062	1,658	5,410	6,310
Football	6,562	46,759	46,483	6,838
Baseball	200	33,318	27,215	6,303
Wrestling	3,783	8,723	6,249	6,257
Volleyball	4,183	14,785	13,501	5,467
Softball	1,480	20,618	22,052	46
Y-Camp	2,896	9,945	8,275	4,566
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	(127)	1,500	1,511	(138)
Golf - Girls	(393)	2,292	2,111	(212)
MS Conservation Team	4,888	-	-	4,888
Character Counts	2,912	3,787	3,842	2,857
Culture Club	5	-	-	5
Prom	(1,085)	6,405	5,539	(219)
Adopt-A-Classroom	384	-	-	384
Middle School	7,624	12,023	11,693	7,954
Art Club - HS	8	-	-	8
Art Club - MS	230	1,857	1,280	807
Hartford Yearbook	2,399	797	-	3,196
Dance Team	22	6,592	6,516	98
<b>Total</b>	<b>\$ 166,790</b>	<b>\$ 389,780</b>	<b>\$ 399,201</b>	<b>\$ 157,369</b>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2013

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ <u>564</u>	\$ <u>1,702</u>	\$ <u>-</u>	\$ <u>2,266</u>
Liabilities				
Due to Metro Area Superintendents	\$ <u>564</u>	\$ <u>1,702</u>	\$ <u>-</u>	\$ <u>2,266</u>

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 TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2013	2012	2011	2010
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 6,673,466	\$ 6,813,016	\$ 6,494,784	\$ 5,642,664
Tuition	1,272,599	1,111,259	920,325	604,590
Other	801,271	750,508	1,067,275	716,657
Intermediate sources	5,000	-	-	10,000
State sources	11,227,830	11,008,811	10,574,939	9,259,561
Federal sources	429,848	814,695	846,035	1,533,433
<b>Total revenues</b>	<b>\$ 20,410,014</b>	<b>\$ 20,498,289</b>	<b>\$ 19,903,358</b>	<b>\$ 17,766,905</b>
<b>Expenditures:</b>				
Instruction	\$ 10,625,063	\$ 10,095,727	\$ 9,650,279	\$ 9,556,760
Support services:				
Student	690,058	671,591	603,862	584,782
Instructional staff	391,066	303,120	408,471	339,566
Administration	2,413,717	2,282,587	2,091,204	2,095,597
Operation and maintenance of plant	1,489,222	1,442,798	1,382,082	1,435,226
Transportation	825,319	984,419	821,043	744,623
Other expenditures:				
Facilities acquisition	718,489	623,095	1,411,893	7,510,608
Long-term debt:				
Principal	1,285,750	858,250	958,250	933,250
Interest and fiscal charges	884,630	925,255	959,901	802,786
AEA flowthrough	664,895	649,983	688,857	665,706
<b>Total expenditures</b>	<b>\$ 19,988,209</b>	<b>\$ 18,836,825</b>	<b>\$ 18,975,842</b>	<b>\$ 24,668,904</b>

See accompanying independent auditor's report.

	2009	2008	2007	2006	2005	2004
\$	5,605,083	\$ 5,183,840	\$ 4,521,969	\$ 4,306,821	\$ 4,098,804	\$ 3,468,500
	531,953	393,000	390,632	304,523	300,814	275,641
	636,030	791,989	879,642	678,493	547,054	489,364
	10,000	27,291	-	-	-	-
	10,382,655	9,940,194	8,323,806	7,230,151	6,538,370	6,088,413
	235,843	278,604	740,735	202,446	197,467	181,777
\$	<u>17,401,564</u>	<u>16,614,918</u>	<u>14,856,784</u>	<u>12,722,434</u>	<u>11,682,509</u>	<u>10,503,695</u>
\$	9,532,176	\$ 9,224,556	\$ 7,763,185	\$ 7,174,229	\$ 6,637,400	\$ 6,283,706
	592,126	547,931	471,477	417,024	373,037	361,748
	734,228	323,161	356,783	381,665	378,376	411,663
	2,052,331	2,101,225	1,490,702	1,267,388	1,093,941	954,351
	1,478,901	1,621,960	1,146,121	1,013,038	905,034	784,602
	707,065	643,595	510,147	526,625	406,817	359,090
	2,363,979	1,050,244	7,527,550	2,562,007	3,788,085	739,320
	792,500	520,000	635,000	705,000	71,759	410,000
	444,237	449,592	520,221	110,891	415,600	30,309
	615,532	571,154	502,822	441,409	399,159	380,453
\$	<u>19,313,075</u>	<u>17,053,418</u>	<u>20,924,008</u>	<u>14,599,276</u>	<u>14,469,208</u>	<u>10,715,242</u>

CARLISLE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2013

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 13	\$ 53,159
National School Lunch Program *	10.555	FY 13	299,510
			<u>352,669</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0981-G-13	133,031
Title I Grants to Local Educational Agencies	84.010	SINA	18,480
			<u>151,511</u>
Improving Teacher Quality State Grants	84.367	FY 13	<u>35,210</u>
Grants for State Assessments and Related Activities	84.369	FY 13	<u>12,135</u>
Career and Technical Education - Basic Grants to States	84.048	FY 13	<u>14,611</u>
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY 13	<u>91,701</u>
Total			<u>\$ 657,837</u>

\* = Includes \$41,027 of non-cash awards.

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 in 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.

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

To the Board of Education of  
Carlisle Community School District:

We have audited 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Carlisle Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carlisle Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items II-A-13 and II-B-13 that we consider to be significant deficiencies.

### 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 the District's operations for the year ended June 30, 2013 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

Carlisle Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Carlisle Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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  
November 6, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Education of  
Carlisle Community School District:

Report on Compliance for Each Major Federal Program

We have audited Carlisle Community School District's compliance 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 the District's major federal programs for the year ended June 30, 2013. Carlisle Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Carlisle Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Carlisle Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Carlisle Community School District complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

The management of Carlisle Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carlisle Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal

program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Carlisle Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Carlisle Community School District as of and for the year ended June 30, 2013, and have issued our report dated November 6, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Oskaloosa, Iowa  
November 6, 2013

*Hunt & Associates, P.C.*

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (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 was disclosed by the audit of the financial statements.
- (e) An unmodified 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:
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Carlisle Community School District qualified as a low-risk auditee.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-13 Contract Overpayment – We noted in our testing of payroll transactions that one employee was overpaid by \$1,472 for an extended day contract which was doubled in the District’s payroll system.

Recommendation – The District should request that the employee repay the additional funds received. The District should also implement controls over the payroll process whereby contract inputs are reviewed by an employee independent of the payroll process.

Response – We have contacted the employee and all parties have agreed to reduce the employee’s current year contract by the amount the employee was overpaid in the previous year. We will also try to have an independent employee review the contract inputs for accuracy in the future.

Conclusion – Response accepted.

- II-B-13 Improper Revenue Recognition – We noted in our testing of Special Revenue, Activity Fund receipts that one receipt for a football gate was not fully reported and deposited. This receipt netted \$500 of actual receipts for ticket sales to the amount reported and deposited by the business office. The \$500 was kept by the activities office as additional petty cash for gate receipts. We also noted that one Activity Fund club paid \$825 of fundraiser receipts directly to the students involved in the fundraising. The \$825 was not reported as a receipt or expenditure to the business office.

Recommendation – The \$500 not reported for the football gate understated revenues and misstated the football club’s ending cash and fund balance. The \$825 paid directly to students from fundraiser monies understated the District’s revenues and expenditures by that amount. The District should implement controls to insure that all revenues and expenditures are properly reported and recorded in the future to protect the underlying assets and prevent any possible irregularities in the future. Chapter 281-98.70(3)(h) of the Iowa Administrative Code prohibits the payment of cash or other direct awards to the members of student activity clubs. The District should adopt policies and procedures that prohibit this practice in the future and educate all club sponsors and employees of the requirements they must meet to qualify for fundraising activities in the future. All club sponsors should be educated in the importance of reporting all revenues and expenditures for club activities to the business office.

Response – We will develop policies and practices that lead to more accurate accounting of all Student Activity Fund revenues and expenditures. We are currently educating all club sponsors and clubs on proper practices and procedures.

Conclusion – Response accepted.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

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, 2013

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-13 Certified Budget – Expenditures for the year ended June 30, 2013, did not exceed the amounts budgeted.
- IV-B-13 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-13 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-13 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kathy Lane, spouse of Superintendent Tom Lane	Substitute teaching	\$5,651
Terri Joiner, spouse of Board Member Joiner	Secretary	\$25,402
Isaac Cowan, son of Board Member Mark Cowan	Officiating	\$65
Mackenzie Flaws, daughter of Business Manager Jean Flaws	Summer aid	\$98
Sarah Flaws, daughter of Business Manager Jean Flaws	Summer aid	\$2,010
Michelle Robinson, daughter of Business Manager Jean Flaws	Teaching	\$51,948

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the children of Board Members and Business Manager do not appear to represent a conflict of interest since the cumulative amounts were less than \$2,500 for the fiscal year, and the Business Manager has no direct influence in the hiring of qualified teachers.

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the spouses of Superintendent Lane and Board Member Joiner do not represent conflicts of interest according to an attorney general opinion dated November 9, 1976.

- IV-E-13 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 ensure that the coverage is adequate for current operations.
- IV-F-13 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

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

IV-G-13 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education for October 1, 2012, was overstated by one student. The District’s certified enrollment count was overstated due to the inclusion of one student who never registered for the school year.

Recommendation – The District should contact the Iowa Department of Education and Department of Management to resolve this matter.

Response – We will contact the Iowa Department of Education and Department of Management.

Conclusion – Response accepted.

IV-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-13 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-13 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-13 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, 2013

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

IV-L-13 Statewide Sales and Services Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in 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, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	1,362,755
Revenues:			
Sales tax revenues	\$	916,381	
Interest		3,208	
School infrastructure supplemental amount		601,669	1,521,258
Expenditures/transfers out:			
School infrastructure construction		600,718	
Equipment		289,890	
Transfers to other funds:			
Other transfers		849,964	1,740,572
Ending balance		\$	1,143,441

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.