

CARLISLE COMMUNITY SCHOOL DISTRICT  
CARLISLE, IOWA

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

JUNE 30, 2014

## TABLE OF CONTENTS

	Page
OFFICIALS	4
INDEPENDENT AUDITOR’S REPORT	5-6
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	7-17
<b>BASIC FINANCIAL STATEMENTS</b>	
Exhibit	
Government-Wide Financial Statements:	
A    Statement of Net Position	20-21
B    Statement of Activities	22-25
Governmental Fund Financial Statements:	
C    Balance Sheet	26-27
D    Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	28
E    Statement of Revenues, Expenditures and Changes in Fund Balances	29-30
F    Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	31
Proprietary Fund Financial Statements:	
G    Statement of Fund Net Position	32
H    Statement of Revenues, Expenses and Changes in Fund Net Position	33
I    Statement of Cash Flows	34-35
Fiduciary Fund Financial Statements:	
J    Statement of Fiduciary Net Position	36
K    Statement of Changes in Fiduciary Net Position	37
Notes to Financial Statements	38-54
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	56
Notes to Required Supplementary Information – Budgetary Reporting	57
Schedule of Funding Progress for the Retiree Health Plan	58
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule	
Nonmajor Governmental Funds:	
1    Combining Balance Sheet	60
2    Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	61
Capital Projects Accounts:	
3    Combining Balance Sheet	62
4    Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	63
Nonmajor Enterprise Funds:	
5    Combining Balance Sheet	64
6    Combining Statement of Revenues, Expenditures and Changes in Net Assets	65
7    Combining Statement of Cash Flows	66
Nonmajor Internal Service Funds:	
8    Combining Balance Sheet	67
9    Combining Statement of Revenues, Expenses and Changes in Net Assets	68
10   Combining Statement of Cash Flows	69
11   Schedule of Changes in Special Revenue Fund, Student Activity Accounts	70-71
12   Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	72

TABLE OF CONTENTS  
(continued)

	Page
SUPPLEMENTARY INFORMATION (continued):	
Schedule (continued)	
13 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	74-75
14 Schedule of Expenditures of Federal Awards	76
 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	 77-78
 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	 79-80
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS	 81-86

CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2013 election)		
John Judisch	President	2013
Rob Joiner	Vice President	2015
Susan James	Board Member	2013
Mark Cowan	Board Member	2013
Michelle Tish	Board Member	2015
(After September 2013 election)		
Rob Joiner	President	2015
Susan James	Vice President	2017
Michelle Tish	Board Member	2015
Jenny Foster	Board Member	2017
John Judisch	Board Member	2017
<u>School Officials</u>		
Bryce Amos	Superintendent	2015
Jean Flaws	District Secretary/Treasurer And Business Manager	2014
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  
DEE A.A. HOKE, CPA

**HUNT & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST  
OSKALOOSA, IA 52577  
641/672-2541  
FAX 641/672-2461  
  
317 EAST ROBINSON  
KNOXVILLE, IA 50138  
641/842-3184  
FAX 641/828-7404

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, 2014 and the related notes to 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. 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, 2014, 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*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 presented 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, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 14, including the Schedule of Expenditures and 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 financial 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2014 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. 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  
October 7, 2014

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

This section of the Carlisle Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Because the District has implemented new reporting standards last fiscal year, comparisons are made in explaining the District's financial position and results of operations.

### Financial Highlights

- General Fund revenues increased from \$16,504,597 in fiscal year 2013 to \$17,308,592 in fiscal year 2014 and General Fund expenditures increased from \$16,022,385 in fiscal year 2013 to \$17,048,174 in fiscal year 2014. The General Fund balance as of June 30, 2014 was \$6,140,225 compared to \$5,879,807 at June 30, 2013.
- The increase in General Fund revenues was attributable to an increase in the state percent of growth. The increase in General Fund expenditures was primarily attributable to an increase in salary and benefits along with an increase in student educational services.
- 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 the maximum of \$4.05/\$1,000 which included a surplus debt service levy in the amount of \$475,000. The surplus levy will be used to pay down debt for the middle school bonds when they become callable in an effort to save on interest payments. This is the second year the district has had the surplus debt service levy. The district will annually review the ability to include a surplus debt service levy.

## 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.

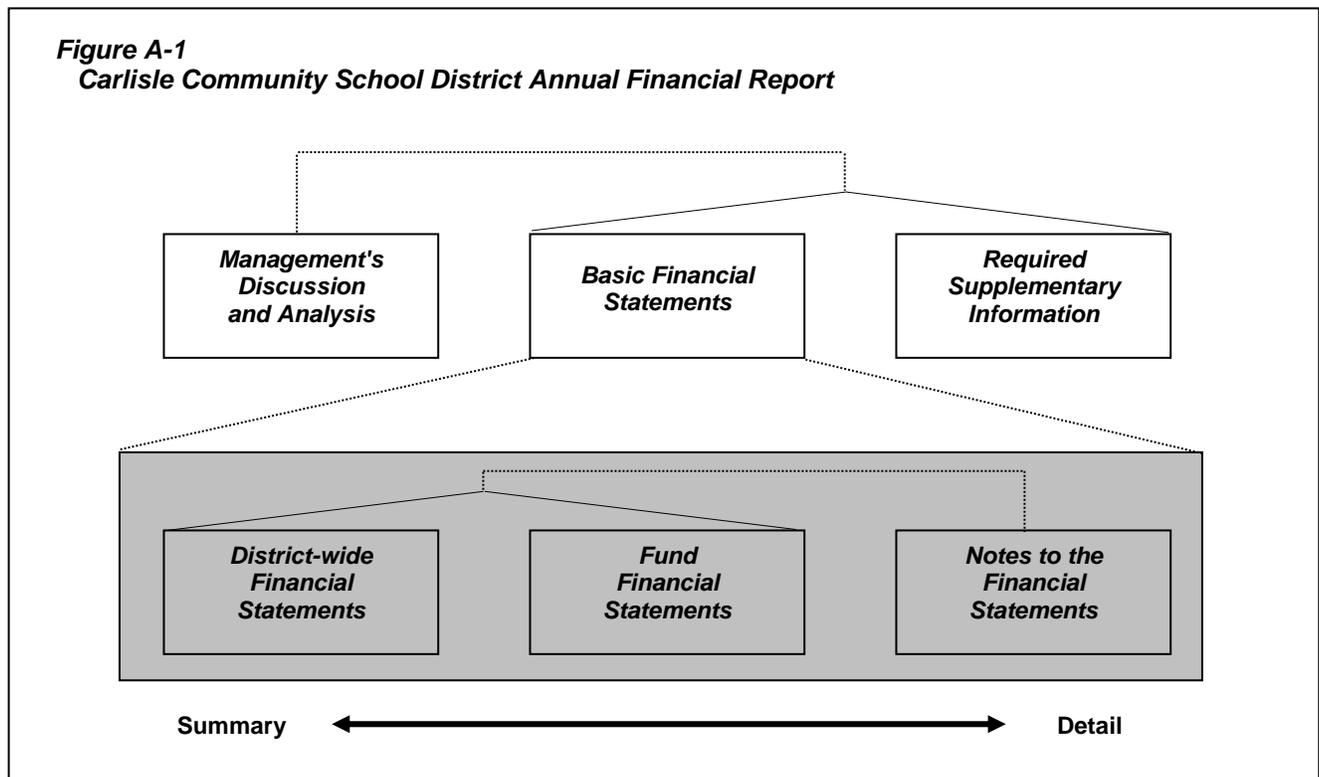


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents 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 to be used as set forth in the establishment of the 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, 2014 compared to June 30, 2013.

<b>Figure A-3 Condensed Statement of Net Position</b>	Governmental		Business-type		Total		Total % Change 2013-2014
	Activities		Activities		School District		
	2014	2013	2014	2013	2014	2013	
Current and other assets	18,856,765	17,719,310	141,057	95,842	18,997,822	17,815,152	6.64%
Capital assets	27,930,470	27,695,343	399,062	407,830	28,329,532	28,103,173	0.81%
Total assets	46,787,235	45,414,653	540,119	503,672	47,327,354	45,918,325	3.07%
Long-term obligations	17,657,124	18,399,726	-	-	17,657,124	18,399,726	-4.04%
Other liabilities	2,319,364	2,115,323	51,677	37,462	2,371,041	2,152,785	10.14%
Total liabilities	19,976,488	20,515,049	51,677	37,462	20,028,165	20,552,511	-2.55%
Deferred inflows of resources	5,350,385	5,229,303	-	-	5,350,385	5,229,303	2.32%
Net position:							
Net investment in capital assets	10,470,470	9,610,343	399,062	407,830	10,869,532	10,018,173	8.50%
Restricted	5,202,474	4,639,812	-	-	5,202,474	4,639,812	12.13%
Unrestricted	5,787,418	5,420,146	89,380	58,380	5,876,798	5,478,526	7.27%
Total net position	21,460,362	19,670,301	488,442	466,210	21,948,804	20,136,511	9.00%

The District's combined net position was \$21,948,804 at June 30, 2014.

**Changes in net position** – Figure A-4 shows the District's revenues and expenses for the year end June 30, 2014 as compared to the year end June 30, 2013. 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 revenues of \$6,807,881 and unrestricted state grants of \$9,429,463 account for 75.7 percent of the District's total revenues in FY 2014. The District's expenses primarily relate to instruction and support services which account for 87.4 percent of the total expenses.

<b>Figure A-4 Changes in Net Position</b>	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service and sales	1,983,291	1,764,552	677,804	668,901	2,661,095	2,433,453	9.35%
Operating grants, contributions and restricted interest	3,086,387	2,541,377	409,572	360,294	3,495,959	2,901,671	20.48%
Capital grants, contributions and restricted interest							
General revenues:							
Property and other taxes	6,807,881	6,676,245	-	-	6,807,881	6,676,245	1.97%
Unrestricted state grants	9,429,463	9,115,539	-	-	9,429,463	9,115,539	3.44%
Unrestricted investment earnings	19,554	19,880	212	186	19,766	20,066	-1.50%
Capital Contributions	-	-	-	-	-	-	
Other	122,268	292,421			122,268	292,421	-58.19%
Total revenues	21,448,844	20,410,014	1,087,588	1,029,381	22,536,432	21,439,395	5.12%
Program expenses:							
Governmental activities:							
Instruction	11,230,274	10,456,873	717	2,523	11,230,991	10,459,396	7.38%
Support services	5,958,047	5,755,653	10,933	14,571	5,968,980	5,770,224	3.44%
Non-instructional programs			1,053,706	1,088,961	1,053,706	1,088,961	-3.24%
Other expenses	2,470,462	2,345,405			2,470,462	2,345,405	5.33%
Total expenses	19,658,783	18,557,931	1,065,356	1,106,055	20,724,139	19,663,986	5.39%
Change in net position	1,790,061	1,852,083	22,232	-76,674	1,812,293	1,775,409	2.08%

## Governmental Activities

Revenues for governmental activities were \$21,448,844 and expenses were \$19,658,783. 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	
	2014	2013	2014	2013
Instruction	11,230,274	10,456,873	7,104,220	6,976,052
Support services	5,958,047	5,755,653	5,710,513	5,595,440
Other expenditures	2,470,462	2,345,405	1,774,372	1,680,510
<b>Totals</b>	<b>19,658,783</b>	<b>18,557,931</b>	<b>14,589,105</b>	<b>14,252,002</b>

- The cost financed by users of the District's programs was \$1,983,291.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,086,387.
- The remaining cost of governmental activities was financed with \$6,807,881 in property and other taxes, \$9,429,463 in state foundation aid, \$19,554 in interest income and \$122,268 in other miscellaneous revenue.

## Business-Type Activities

Revenues of the District's business-type activities were \$1,087,588 and expenses were \$1,065,356. 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 \$10,993,800 at June 30, 2014, an increase of \$656,859 or 6.35 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 \$5,879,807 to \$6,140,225.
- The balance of the Physical Plant and Equipment Levy (PPEL) Account within the Capital Projects Fund decreased from \$630,862 in fiscal year 2012-2013 to \$535,270 in fiscal year 2013-2014. Funds were primarily spent on computer equipment, maintenance equipment and a school bus. Patrons voted to re-instate the voter approved PPEL levy not to exceed an amount of \$1.34 for a period of ten years beginning July 1, 2008.
- The Capital Projects Fund is comprised of several accounts: Local Option Sales Tax that has been received since July, 2000 and used for various renovations and improvements, including the athletic field turf project and the elementary roofing project which were both completed during 2013-2014 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 in the past. The overall balance of the Capital Projects Fund decreased slightly from \$2,795,135 in fiscal year 2012-2013 to \$2,588,627 in fiscal year 2013-2014.
- The Debt Service Fund balance increased from \$1,147,435 in fiscal year 2013 to \$1,631,782 in fiscal year 2014, an increase of 42.2 percent. The balance includes two years of debt service surplus levy.

## **Proprietary Fund Highlights**

The School Nutrition Fund net position increased from \$432,587 at June 30, 2013 to \$451,718 at June 30, 2014. Revenues for the School Nutrition Fund totaled \$903,533. Expenses for the School Nutrition Fund totaled \$884,402, resulting in the \$19,131 increase 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 \$1,462,668 more than the total budgeted revenues, a variance of 6.9%.

Total expenditures were \$25,587 more than budgeted, a variance of 0.12%. 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 exceed the budgeted amount in the functional area of instruction.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2014, the District had invested \$28,329,532 net of accumulated depreciation of \$9,848,055, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment (see Figure A-6). More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year totaled \$1,056,299.

The original cost of the District's capital assets was \$38,177,587. Governmental funds account for \$37,378,774 with the remainder of \$798,813 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in buildings and improvements category with the completion of the elementary re-roofing and field turf projects during the FY 2014.

Figure A-6 shows a comparative summary of the District's net investment in capital assets.

<b>Figure A-6</b>						
<b>Capital Assets, net of Depreciation</b>						
	Governmental Activities		Business-type Activities		Total School District	
	2014	2013	2014	2013	2014	2013
Land	481,177	481,177			481,177	481,177
Construction in progress	0	75,449			0	75,449
Buildings	26,294,036	26,116,284			26,294,036	26,116,284
Improvements other than buildings						
Furniture and equipment	1,155,257	1,022,433	399,062	407,830	1,554,319	1,430,263
Totals	27,930,470	27,695,343	399,062	407,830	28,329,532	28,103,173

## Long-Term Liabilities

At June 30, 2014, the District had \$17,657,124 in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of approximately 4 percent from last year (see Figure A-7). More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

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

The District began a surplus debt service levy in FY 2013. The levy in FY 2013 generated \$417,000 and \$475,000 in FY 2014. The amounts will be used to pay down debt for the general obligation bonds when they become callable in FY 2016, which will save the district in interest. The District will annually review the ability to levy for the surplus debt service.

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
	2014	2013	2013-2014
General obligation bonds	6,625,000	7,040,000	-0.05895
Revenue bonds	10,835,000	11,045,000	-0.01901
Early retirement	190,532	306,257	-0.37787
Compensated absences	6,592	8,469	-0.22163
<b>Totals</b>	<b>17,657,124</b>	<b>18,399,726</b>	<b>-0.04036</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 2012-2013 school year was 1787.29 which was an increase in certified enrollment of 5 students. This was the budget enrollment for the 2013-2014 fiscal year. The certified enrollment count for the 2013-2014 school year was 1,845, approximately an increase of 57 students for the budget enrollment for the 2014-2015 fiscal year.
- Over the past six years, the District has seen an increase in the number of students open enrolling into the District vs. open enrolling out of the District. The net gain for 2013-2014 was 151 students which does result in additional funds for educational programming. The District does monitor class sizes annually and has had to close certain grade levels to open enrollment because of class size and space. For the 2014-2015 school year, the District made the determination to close first and seventh grades to open enrollment.
- The District evaluated the condition of its transportation vehicles and purchased a new bus with PPEL funds during 2013-2014. The district does evaluate the fleet of vehicles each year to determine transportation needs and possible replacement of older buses.
- Increasing insurance costs always plays 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 will look at replacing teacher laptops and continue to add and update technology equipment in classrooms in FY 2015.
- 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 completed the elementary roof project and the sports field turf project in FY 14. A master facility planning process has begun to look at the potential needs of updating facilities and more classroom space and develop a plan for these projects.

## **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.

This page intentionally left blank

## Basic Financial Statements

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 11,710,156	\$ 123,476	\$ 11,833,632
Receivables:			
Property tax:			
Current year	44,218	-	44,218
Succeeding year	5,350,385	-	5,350,385
Accounts	46,906	-	46,906
Due from other governments	1,705,100	-	1,705,100
Inventories	-	17,581	17,581
Capital assets, net of accumulated depreciation (note 4)	27,930,470	399,062	28,329,532
<b>Total assets</b>	<b>46,787,235</b>	<b>540,119</b>	<b>47,327,354</b>
<b>Liabilities</b>			
Accounts payable	422,866	-	422,866
Salaries and benefits payable	1,576,173	35,125	1,611,298
Advances from grantors	1,035	-	1,035
Unearned revenue	-	16,552	16,552
Accrued interest payable	319,290	-	319,290
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	102,387	-	102,387
Bonds payable	655,000	-	655,000
Compensated absences	6,592	-	6,592
Portion due after one year:			
Early retirement	88,145	-	88,145
Bonds payable	16,805,000	-	16,805,000
<b>Total liabilities</b>	<b>19,976,488</b>	<b>51,677</b>	<b>20,028,165</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	5,350,385	-	5,350,385

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$ 10,470,470	\$ 399,062	\$ 10,869,532
Restricted for:			
Categorical funding	858,721	-	858,721
Debt service	2,332,912	-	2,332,912
Capital projects	1,032,937	-	1,032,937
Physical plant and equipment levy purposes	535,270	-	535,270
Management levy purposes	279,512	-	279,512
Student activities	163,122	-	163,122
Unrestricted	<u>5,787,418</u>	<u>89,380</u>	<u>5,876,798</u>
 Total net position	 <u>\$ 21,460,362</u>	 <u>\$ 488,442</u>	 <u>\$ 21,948,804</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular instruction	\$ 7,030,145	\$ 1,188,532	\$ 1,965,145
Special instruction	2,358,158	400,359	176,441
Other instruction	1,841,971	378,755	16,822
	<u>11,230,274</u>	<u>1,967,646</u>	<u>2,158,408</u>
Support services:			
Student	725,318	-	207,986
Instructional staff	544,552	-	10,434
Administration	2,388,595	-	-
Operation and maintenance of plant	1,464,714	13,565	-
Transportation	834,868	2,080	13,469
	<u>5,958,047</u>	<u>15,645</u>	<u>231,889</u>
Other expenditures:			
Facilities acquisition	135,697	-	-
Long-term debt interest and fiscal charges	838,835	-	-
AEA flowthrough	696,090	-	696,090
Depreciation (unallocated) *	799,840	-	-
	<u>2,470,462</u>	<u>-</u>	<u>696,090</u>
Total governmental activities	<u>19,658,783</u>	<u>1,983,291</u>	<u>3,086,387</u>
Business-Type Activities:			
Instruction:			
Adult education operations	<u>717</u>	<u>700</u>	<u>-</u>
Support services:			
Food service operations	<u>10,933</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (3,876,468)	\$ -	\$ (3,876,468)
(1,781,358)	-	(1,781,358)
(1,446,394)	-	(1,446,394)
<u>(7,104,220)</u>	<u>-</u>	<u>(7,104,220)</u>
(517,332)	-	(517,332)
(534,118)	-	(534,118)
(2,388,595)	-	(2,388,595)
(1,451,149)	-	(1,451,149)
(819,319)	-	(819,319)
<u>(5,710,513)</u>	<u>-</u>	<u>(5,710,513)</u>
(135,697)	-	(135,697)
(838,835)	-	(838,835)
-	-	-
(799,840)	-	(799,840)
<u>(1,774,372)</u>	<u>-</u>	<u>(1,774,372)</u>
<u>(14,589,105)</u>	<u>-</u>	<u>(14,589,105)</u>
-	(17)	(17)
-	(10,933)	(10,933)

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Non-instructional programs:			
Food service operations	\$ 873,469	\$ 493,816	\$ 409,572
Building and trades operations	180,237	183,288	-
	<u>1,053,706</u>	<u>677,104</u>	<u>409,572</u>
 Total business-type activities	 <u>1,065,356</u>	 <u>677,804</u>	 <u>409,572</u>
 Total	 <u>\$ 20,724,139</u>	 <u>\$ 2,661,095</u>	 <u>\$ 3,495,959</u>

General revenues:

Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Statewide sales, services and use tax  
Unrestricted state 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

Governmental Activities	Business-Type Activities	Total
\$ -	\$ 29,919	\$ 29,919
-	3,051	3,051
-	32,970	32,970
-	22,020	22,020
(14,589,105)	22,020	(14,567,085)

\$ 3,572,664	\$ -	\$ 3,572,664
1,183,250	-	1,183,250
489,410	-	489,410
1,562,557	-	1,562,557
9,429,463	-	9,429,463
19,554	212	19,766
122,268	-	122,268
16,379,166	212	16,379,378
1,790,061	22,232	1,812,293
19,670,301	466,210	20,136,511
\$ 21,460,362	\$ 488,442	\$ 21,948,804

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 7,106,223	\$ 1,621,804	\$ 1,830,519	\$ 636,696	\$ 11,195,242
Receivables:					
Property tax:					
Current year	25,889	9,978	4,123	4,228	44,218
Succeeding year	3,150,325	1,211,180	500,029	488,851	5,350,385
Accounts	43,581	-	-	3,325	46,906
Due from other governments	907,230	-	797,870	-	1,705,100
 Total assets	 <u>\$ 11,233,248</u>	 <u>\$ 2,842,962</u>	 <u>\$ 3,132,541</u>	 <u>\$ 1,133,100</u>	 <u>\$ 18,341,851</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 366,865	\$ -	\$ 43,885	\$ 9,708	\$ 420,458
Salaries and benefits payable	1,574,798	-	-	1,375	1,576,173
Advances from grantors	1,035	-	-	-	1,035
Total liabilities	<u>1,942,698</u>	<u>-</u>	<u>43,885</u>	<u>11,083</u>	<u>1,997,666</u>
Deferred Inflows of Resources:					
Unavailable revenues:					
Succeeding year property tax	3,150,325	1,211,180	500,029	488,851	5,350,385
Fund balances:					
Restricted for:					
Categorical funding (note 10)	858,721	-	-	-	858,721
Revenue bonds reserve fund	-	-	1,020,420	-	1,020,420
Debt service	-	1,631,782	-	-	1,631,782
School infrastructure	-	-	1,032,937	-	1,032,937
Physical plant and equipment	-	-	535,270	-	535,270
Management levy purposes	-	-	-	470,044	470,044
Student activities	-	-	-	163,122	163,122
Unassigned	5,281,504	-	-	-	5,281,504
Total fund balances	<u>6,140,225</u>	<u>1,631,782</u>	<u>2,588,627</u>	<u>633,166</u>	<u>10,993,800</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,233,248</u>	<u>\$ 2,842,962</u>	<u>\$ 3,132,541</u>	<u>\$ 1,133,100</u>	<u>\$ 18,341,851</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, 2014

Total fund balances of governmental funds	\$ 10,993,800
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.	27,930,470
The Internal Service Funds are included in governmental activities due to the integral nature of these funds to those governmental activities.	512,506
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(319,290)
Long-term liabilities, including early retirement, bonds payable, and compensated absences are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(17,657,124)</u>
Net position of governmental activities	<u>\$ 21,460,362</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, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,069,577	\$ 1,182,650	\$ 489,163	\$ 501,277	\$ 5,242,667
Tuition	1,445,627	-	-	-	1,445,627
Other	291,817	3,202	4,849	395,453	695,321
State sources	11,924,845	599	1,562,805	254	13,488,503
Federal sources	576,726	-	-	-	576,726
Total revenues	<u>17,308,592</u>	<u>1,186,451</u>	<u>2,056,817</u>	<u>896,984</u>	<u>21,448,844</u>
Expenditures:					
Current:					
Instruction	10,897,708	-	48,989	488,717	11,435,414
Support services:					
Student	724,600	-	-	-	724,600
Instructional staff	402,498	-	123,040	-	525,538
Administration	2,220,279	-	128,904	208,382	2,557,565
Operation and maintenance of plant	1,386,944	-	37,074	65,294	1,489,312
Transportation	720,055	-	118,157	15,989	854,201
	<u>5,454,376</u>	<u>-</u>	<u>407,175</u>	<u>289,665</u>	<u>6,151,216</u>
Other expenditures:					
Facilities acquisition	-	-	1,037,840	-	1,037,840
Long term debt:					
Principal	-	625,000	-	-	625,000
Interest and fiscal charges	-	846,425	-	-	846,425
AEA flowthrough	696,090	-	-	-	696,090
	<u>696,090</u>	<u>1,471,425</u>	<u>1,037,840</u>	<u>-</u>	<u>3,205,355</u>
Total expenditures	<u>17,048,174</u>	<u>1,471,425</u>	<u>1,494,004</u>	<u>778,382</u>	<u>20,791,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>260,418</u>	<u>(284,974)</u>	<u>562,813</u>	<u>118,602</u>	<u>656,859</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	<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 3)	\$ -	\$ 769,321	\$ -	\$ -	\$ 769,321
Interfund transfers out (note 3)	-	-	(769,321)	-	(769,321)
Total other financing sources (uses)	<u>-</u>	<u>769,321</u>	<u>(769,321)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	260,418	484,347	(206,508)	118,602	656,859
Fund balances beginning 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>
Fund balances end of year	<u>\$ 6,140,225</u>	<u>\$ 1,631,782</u>	<u>\$ 2,588,627</u>	<u>\$ 633,166</u>	<u>\$ 10,993,800</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, 2014

Net change in fund balances - total governmental funds \$ 656,859

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 Activities 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 current year are as follows:

Capital outlays	\$ 1,249,645	
Depreciation expense	<u>(1,014,518)</u>	235,127

The increase in net position of the Internal Service Funds represents an  
overcharge to the governmental funds and is therefore added back  
to the Statement of Activities. 147,883

Repayment of long-term liabilities is an expenditure in the governmental  
funds, but it reduces long-term liabilities in the Statement of Net Position. 625,000

Interest on long-term debt in the Statement of Activities differs from the  
amount reported in the governmental funds because interest is recorded as  
an expenditure in the governmental funds when due. In the Statement of  
Activities, however, interest expense is recognized as the interest accrues,  
regardless of when it is due. 7,590

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	115,725	
Compensated absences	<u>1,877</u>	<u>117,602</u>

Change in net position of governmental activities \$ 1,790,061

See notes to financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS

June 30, 2014

	Enterprise Funds			Internal Service Funds
	School Nutrition	Non-Major Enterprise	Total	
Assets				
Cash and cash equivalents	\$ 86,495	\$ 36,981	\$ 123,476	\$ 514,914
Inventories	17,581	-	17,581	-
Capital assets, net of accumulated depreciation (note 4)	399,062	-	399,062	-
Total assets	<u>503,138</u>	<u>36,981</u>	<u>540,119</u>	<u>514,914</u>
Liabilities				
Accounts payable	-	-	-	2,408
Salaries and benefits payable	34,868	257	35,125	-
Deferred revenue	16,552	-	16,552	-
Total liabilities	<u>51,420</u>	<u>257</u>	<u>51,677</u>	<u>2,408</u>
Fund Net Position				
Invested in capital assets	399,062	-	399,062	-
Unrestricted	<u>52,656</u>	<u>36,724</u>	<u>89,380</u>	<u>512,506</u>
Total fund net position	<u>\$ 451,718</u>	<u>\$ 36,724</u>	<u>\$ 488,442</u>	<u>\$ 512,506</u>

See notes to financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2014

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Operating revenues:				
Local sources:				
Charges for services	\$ 493,816	\$ 183,988	\$ 677,804	\$ 1,451,127
Operating expenses:				
Instruction:				
Insurance premiums	-	-	-	1,176,280
Salaries	-	615	615	-
Benefits	-	102	102	-
Purchased services	-	-	-	126,964
	-	717	717	1,303,244
Support services:				
Purchased services	10,933	-	10,933	-
Non-instructional programs:				
Salaries	265,207	-	265,207	-
Benefits	84,986	-	84,986	-
Purchased services	-	244	244	-
Supplies	479,941	179,993	659,934	-
Depreciation	41,781	-	41,781	-
Other	1,554	-	1,554	-
	873,469	180,237	1,053,706	-
Total expenses	884,402	180,954	1,065,356	1,303,244
Operating income (loss)	(390,586)	3,034	(387,552)	147,883
Non-operating revenues:				
Interest on investments	145	67	212	-
State sources	8,385	-	8,385	-
Federal sources	401,187	-	401,187	-
Total non-operating revenues	409,717	67	409,784	-
Change in fund net position	19,131	3,101	22,232	147,883
Fund net position beginning of year	432,587	33,623	466,210	364,623
Fund net position end of year	\$ 451,718	\$ 36,724	\$ 488,442	\$ 512,506

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2014

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 484,324	\$ -	\$ 484,324	\$ -
Cash received from miscellaneous operating activities	17,883	183,988	201,871	1,451,127
Cash payments to employees for services	(344,537)	(460)	(344,997)	-
Cash payments to suppliers for goods or services	(450,641)	(16,625)	(467,266)	(1,301,224)
Net cash provided by (used by) operating activities	<u>(292,971)</u>	<u>166,903</u>	<u>(126,068)</u>	<u>149,903</u>
Cash flows from non-capital financing activities:				
State grants received	8,385	-	8,385	-
Federal grants received	359,843	-	359,843	-
(Decrease) in due to other funds	-	(159,116)	(159,116)	-
Net cash provided by (used by) non-capital financing activities	<u>368,228</u>	<u>(159,116)</u>	<u>209,112</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of equipment	<u>(33,013)</u>	<u>-</u>	<u>(33,013)</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>145</u>	<u>67</u>	<u>212</u>	<u>-</u>
Net increase in cash and cash equivalents	42,389	7,854	50,243	149,903
Cash and cash equivalents beginning of year	<u>44,106</u>	<u>29,127</u>	<u>73,233</u>	<u>365,011</u>
Cash and cash equivalents end of year	<u>\$ 86,495</u>	<u>\$ 36,981</u>	<u>\$ 123,476</u>	<u>\$ 514,914</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2014

	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)	\$ (390,586)	\$ 3,034	\$ (387,552)	\$ 147,883
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	41,781	-	41,781	-
Commodities used	41,344	-	41,344	-
Decrease in inventories	511	163,633	164,144	-
(Decrease) in accounts payable	(68)	(21)	(89)	2,020
Increase in salaries and benefits payable	5,656	257	5,913	-
Increase in deferred revenue	8,391	-	8,391	-
Net cash provided by (used by) operating activities	<u>\$ (292,971)</u>	<u>\$ 166,903</u>	<u>\$ (126,068)</u>	<u>\$ 149,903</u>

Non-cash financing activities:

During the year ended June 30, 2014, the District received \$41,344 of federal commodities.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2014

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>23,433</u>
Fiduciary Net Position:	
Restricted for scholarships	\$ <u><u>23,433</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2014

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Interest	\$	<u>41</u>
Deductions:		
None		<u>-</u>
Change in fiduciary net position		41
Fiduciary net position beginning of year		<u>23,392</u>
Fiduciary net position end of year	\$	<u><u>23,433</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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. Enabling legislation did not result in any restricted net position.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 is often subject to constraints 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 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 government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the main 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, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The government-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 District 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, in that order.

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, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources 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 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 receivable is recognized in the governmental 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 government-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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources 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 government-wide Statement of Net Position. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair 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 one year.

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.

Advances from grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year have been accrued as liabilities.

Long-term Liabilities – In the government-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.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-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, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collectible within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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 Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures/expenses exceeded the amount budgeted in the instruction function.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2014 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 ensure there will be no loss of public funds.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Cash and Pooled Investments (continued)

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.

At June 30, 2014, the District had investments as follows:

	<u>Value</u>
U.S. Treasury Securities	\$ 895,000
Iowa Schools Joint Investment Trust, Diversified Portfolio	<u>481,085</u>
	<u>\$ 1,376,085</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 Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>769,321</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, 2014

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 481,177	\$ -	\$ -	\$ 481,177
Construction in progress	75,449	33,354	108,803	-
Total capital assets not being depreciated	<u>556,626</u>	<u>33,354</u>	<u>108,803</u>	<u>481,177</u>
Capital assets being depreciated:				
Buildings	33,041,515	977,592	-	34,019,107
Furniture and equipment	2,598,380	347,502	67,392	2,878,490
Total capital assets being depreciated	<u>35,639,895</u>	<u>1,325,094</u>	<u>67,392</u>	<u>36,897,597</u>
Less accumulated depreciation for:				
Buildings	6,925,231	799,840	-	7,725,071
Furniture and equipment	1,575,947	214,678	67,392	1,723,233
Total accumulated depreciation	<u>8,501,178</u>	<u>1,014,518</u>	<u>67,392</u>	<u>9,448,304</u>
Total capital assets being depreciated, net	<u>27,138,717</u>	<u>310,576</u>	<u>-</u>	<u>27,449,293</u>
Governmental activities capital assets, net	<u>\$ 27,695,343</u>	<u>\$ 343,930</u>	<u>\$ 108,803</u>	<u>\$ 27,930,470</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business-type activities:</b>				
Furniture and equipment	\$ 790,363	\$ 33,013	\$ 24,563	\$ 798,813
Less accumulated depreciation	382,533	41,781	24,563	399,751
Business-type activities capital assets, net	<u>\$ 407,830</u>	<u>\$ (8,768)</u>	<u>\$ -</u>	<u>\$ 399,062</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction	\$ 28,590
Support services:	
Student support	718
Instructional staff	44,141
Administration	300
Operation and maintenance of plant	30,196
Transportation	<u>110,733</u>
	214,678
Unallocated depreciation	<u>799,840</u>
Total depreciation expense - governmental activities	\$ <u>1,014,518</u>
Business-type activities:	
Food service operations	\$ <u>41,781</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 306,257	\$ -	\$ 115,725	\$ 190,532	\$ 102,387
General obligation bonds	7,040,000	-	415,000	6,625,000	435,000
Revenue bonds	11,045,000	-	210,000	10,835,000	220,000
Compensated absences	8,469	6,592	8,469	6,592	6,592
Total	<u>\$ 18,399,726</u>	<u>\$ 6,592</u>	<u>\$ 749,194</u>	<u>\$ 17,657,124</u>	<u>\$ 763,979</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. The District offered no new early retirement plan for the year ended June 30, 2014.

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, 2014, the District had obligations to 16 participants with a total liability of \$190,532. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$115,725. 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, 2014

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds Payable

Details of the District's June 30, 2014 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
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>\$ 3,195,000</u>	<u>\$ 819,143</u>		<u>\$ 3,430,000</u>	<u>\$ 1,059,583</u>	<u>\$ 6,625,000</u>	<u>\$ 1,878,726</u>

During the years ended June 30, 2014 and June 30, 2013, the District levied for additional debt service tax revenues beyond those current years' needs. These additional revenues have been placed in an irrevocable escrow account to advance refund \$895,000 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, 2014 was \$895,874.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2014 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
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>\$ 10,835,000</u>	<u>\$ 5,500,187</u>	<u>\$ 16,335,187</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:

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.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

Revenue Bonds (continued)

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 49 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$16,335,187. For the current year, principal and interest paid on revenue bonds totaled \$762,983 and total local option sales and services tax revenues were \$1,562,557.

Note 6. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, 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, 2014

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, 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	(12,237)
Adjustment to annual required contribution	<u>9,201</u>
Annual OPEB cost	152,203
Contributions made	<u>(223,364)</u>
(Decrease) in net OPEB obligation	(71,161)
Net OPEB obligation beginning of year	<u>(271,942)</u>
 Net OPEB obligation end of year	 <u>\$ (343,103)</u>

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

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$223,364 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:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 116,691	100.0%	\$ -
2013	154,064	100.0%	-
2014	152,203	100.0%	-

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$1,642,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,642,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10,648,000, and the ratio of the UAAL to covered payroll was 15.4%. As of June 30, 2014, there were no trust fund assets.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

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

As of the July 1, 2012 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 medical trend rate is reduced .5% each year until reaching the ultimate 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 were developed from the retirement probabilities from the IPERS Actuarial Valuation Reports as of June 30, 2011 and applying the termination factors used in 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. The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 7. Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$933,088, \$855,017, and \$751,337, respectively, equal to the required contributions for each year.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 8. 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 plans 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, 2014 were \$1,232,181.

The Internal Service Fund, Self-Funded Insurance Plan unrestricted net position was \$509,457 at June 30, 2014.

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$696,090 for the year ended June 30, 2014 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, 2014

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2014 is comprised of the following programs:

Program	Amount
Gifted and talented programs	\$ 286,878
Statewide voluntary 4 year-old preschool	220,870
Professional development for model core curriculum	89,863
Home school assistance program	80,058
Salary improvement program	66,113
Returning dropouts and dropout prevention	54,851
Early readers	26,573
Beginning teacher mentoring and induction	14,674
Teacher leadership	9,972
Market factor incentives	5,172
Professional development	1,799
Assessment grants	1,568
Evaluator training	330
Total	\$ 858,721

Note 11. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

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, 2014

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 7,383,615	\$ 678,016	\$ 8,061,631	\$ 8,995,880	\$ 8,995,880	\$ (934,249)
State sources	13,488,503	8,385	13,496,888	11,499,384	11,499,384	1,997,504
Federal sources	576,726	401,187	977,913	578,500	578,500	399,413
<b>Total revenues</b>	<b>21,448,844</b>	<b>1,087,588</b>	<b>22,536,432</b>	<b>21,073,764</b>	<b>21,073,764</b>	<b>1,462,668</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	11,435,414	717	11,436,131	11,168,000	11,319,000	(117,131)
Support services	6,151,216	10,933	6,162,149	5,988,000	6,209,700	47,551
Non-instructional programs	-	1,053,706	1,053,706	850,000	1,087,000	33,294
Other expenditures	3,205,355	-	3,205,355	2,490,066	3,216,054	10,699
<b>Total expenditures/expenses</b>	<b>20,791,985</b>	<b>1,065,356</b>	<b>21,857,341</b>	<b>20,496,066</b>	<b>21,831,754</b>	<b>(25,587)</b>
Excess (deficiency) of revenues over (under) expenditures/ expenses	656,859	22,232	679,091	577,698	(757,990)	1,437,081
Balance beginning of year	10,336,941	466,210	10,803,151	9,959,828	9,959,828	843,323
Balance end of year	\$ <u>10,993,800</u>	\$ <u>488,442</u>	\$ <u>11,482,242</u>	\$ <u>10,537,526</u>	\$ <u>9,201,838</u>	\$ <u>2,280,404</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2014

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/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by \$1,335,688.

During the year ended June 30, 2014, expenditures/expenses in the instruction function exceeded the amount budgeted.

CARLISLE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information  
Year Ended June 30, 2014

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%
2014	July 1, 2012	-	1,642	1,642	0.0%	10,648	15.4%

See note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue		Total
	Management Levy	Student Activity	
Assets			
Cash and pooled investments	\$ 466,140	\$ 170,556	\$ 636,696
Receivables:			
Property tax:			
Current year	4,228	-	4,228
Succeeding year	488,851	-	488,851
Accounts	-	3,325	3,325
Total assets	<u>\$ 959,219</u>	<u>\$ 173,881</u>	<u>\$ 1,133,100</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 324	\$ 9,384	\$ 9,708
Salaries and benefits payable	-	1,375	1,375
Total liabilities	<u>324</u>	<u>10,759</u>	<u>11,083</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	488,851	-	488,851
Fund balances:			
Management levy purposes	470,044	-	470,044
Student activities	-	163,122	163,122
Total fund balances	<u>470,044</u>	<u>163,122</u>	<u>633,166</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 959,219</u>	<u>\$ 173,881</u>	<u>\$ 1,133,100</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, 2014

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 501,277	\$ -	\$ 501,277
Other	17,324	378,129	395,453
State sources	254	-	254
Total revenues	<u>518,855</u>	<u>378,129</u>	<u>896,984</u>
Expenditures:			
Current:			
Instruction	116,341	372,376	488,717
Support services:			
Administration	208,382	-	208,382
Operation and maintenance of plant	65,294	-	65,294
Transportation	15,989	-	15,989
Total expenditures	<u>406,006</u>	<u>372,376</u>	<u>778,382</u>
Excess of revenues over expenditures	112,849	5,753	118,602
Fund balances beginning of year	<u>357,195</u>	<u>157,369</u>	<u>514,564</u>
Fund balances end of year	<u>\$ 470,044</u>	<u>\$ 163,122</u>	<u>\$ 633,166</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS ACCOUNTS  
June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 265,775	\$ 543,912	\$ 1,020,832	\$ 1,830,519
Receivables:				
Property tax:				
Current year	-	4,123	-	4,123
Succeeding year	-	500,029	-	500,029
Due from other governments	797,870	-	-	797,870
 Total assets	 \$ 1,063,645	 \$ 1,048,064	 \$ 1,020,832	 \$ 3,132,541
 Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 31,120	\$ 12,765	\$ -	\$ 43,885
 Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	500,029	-	500,029
 Fund balances:				
Restricted for:				
Revenue bonds reserve fund	-	-	1,020,420	1,020,420
School infrastructure	1,032,525	-	412	1,032,937
Physical plant and equipment	-	535,270	-	535,270
Total fund balances	1,032,525	535,270	1,020,832	2,588,627
 Total liabilities, deferred inflows of resources and fund balances	 \$ 1,063,645	 \$ 1,048,064	 \$ 1,020,832	 \$ 3,132,541

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, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 489,163	\$ -	\$ 489,163
Other	3,965	833	51	4,849
State sources	1,562,557	248	-	1,562,805
Total revenues	<u>1,566,522</u>	<u>490,244</u>	<u>51</u>	<u>2,056,817</u>
Expenditures:				
Current:				
Instruction	-	48,989	-	48,989
Support services:				
Instructional staff	-	123,040	-	123,040
Administration	-	128,904	-	128,904
Operation and maintenance of plant	-	37,074	-	37,074
Transportation	-	118,157	-	118,157
Other expenditures:				
Facilities acquisition	908,168	129,672	-	1,037,840
Total expenditures	<u>908,168</u>	<u>585,836</u>	<u>-</u>	<u>1,494,004</u>
Excess (deficiency) of revenues over (under) expenditures	658,354	(95,592)	51	562,813
Other financing sources (uses):				
Intrafund transfers in *	-	-	769,270	769,270
Intrafund transfers out *	(769,270)	-	-	(769,270)
Interfund transfers out	-	-	(769,321)	(769,321)
Total other financing sources (uses)	<u>(769,270)</u>	<u>-</u>	<u>(51)</u>	<u>(769,321)</u>
Net change in fund balances	(110,916)	(95,592)	-	(206,508)
Fund balances beginning of year	<u>1,143,441</u>	<u>630,862</u>	<u>1,020,832</u>	<u>2,795,135</u>
Fund balances end of year	<u>\$ 1,032,525</u>	<u>\$ 535,270</u>	<u>\$ 1,020,832</u>	<u>\$ 2,588,627</u>

See accompanying independent auditor's report.

\* = These amounts have been eliminated from the basic financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR ENTERPRISE FUNDS

June 30, 2014

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ <u>7,563</u>	\$ <u>29,418</u>	\$ <u>36,981</u>
Liabilities			
Salaries and benefits payable	<u>-</u>	<u>257</u>	<u>257</u>
Net Position			
Total net position	\$ <u><u>7,563</u></u>	\$ <u><u>29,161</u></u>	\$ <u><u>36,724</u></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, 2014

	Building and Trades	Adult Education	Total
Operating revenues:			
Local sources:			
Charges for meals	\$ 183,288	\$ 700	\$ 183,988
Operating expenses:			
Instruction:			
Salaries	-	615	615
Benefits	-	102	102
	-	717	717
Non-instructional programs:			
Purchased services	244	-	244
Supplies	179,993	-	179,993
	180,237	-	180,237
Total expenses	180,237	717	180,954
Operating income (loss)	3,051	(17)	3,034
Non-operating revenues:			
Interest on investments	16	51	67
	16	51	67
Change in net position	3,067	34	3,101
Net position beginning of year	4,496	29,127	33,623
Net position end of year	\$ 7,563	\$ 29,161	\$ 36,724

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2014

	Building and Trades	Adult Education	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 183,288	\$ 700	\$ 183,988
Cash payments to employees for services	-	(460)	(460)
Cash payments to suppliers for goods or services	(16,625)	-	(16,625)
Net cash provided by operating activities	166,663	240	166,903
Cash flows from non-capital financing activities:			
(Decrease) in due to other funds	(159,116)	-	(159,116)
Cash flows from investing activities:			
Interest on investments	16	51	67
Net increase in cash and cash equivalents	7,563	291	7,854
Cash and cash equivalents beginning of year	-	29,127	29,127
Cash and cash equivalents end of year	\$ 7,563	\$ 29,418	\$ 36,981
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 3,051	\$ (17)	\$ 3,034
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in inventories	163,633	-	163,633
(Decrease) in accounts payable	(21)	-	(21)
Increase in salaries and benefits payable	-	257	257
Net cash provided by operating activities	\$ 166,663	\$ 240	\$ 166,903

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR INTERNAL SERVICE FUNDS

June 30, 2014

	<u>Self-funded Health</u>	<u>Flex Plan</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ <u>511,865</u>	\$ <u>3,049</u>	\$ <u>514,914</u>
Liabilities			
Accounts payable	<u>2,408</u>	-	<u>2,408</u>
Net Position			
Unrestricted	\$ <u><u>509,457</u></u>	\$ <u><u>3,049</u></u>	\$ <u><u>512,506</u></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, 2014

	Self-funded Health	Flex Plan	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Operating revenues:			
Local sources:			
Charges for services	\$ 1,360,635	\$ 90,492	\$ 1,451,127
Operating expenses:			
Instruction:			
Insurance premiums	1,176,280	-	1,176,280
Purchased services	37,180	89,784	126,964
	<u>1,213,460</u>	<u>89,784</u>	<u>1,303,244</u>
Operating income	147,175	708	147,883
Net position beginning of year	<u>362,282</u>	<u>2,341</u>	<u>364,623</u>
Net position end of year	<u>\$ 509,457</u>	<u>\$ 3,049</u>	<u>\$ 512,506</u>

See accompanying independent auditor's report

## CARLISLE COMMUNITY SCHOOL DISTRICT

 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2014

	Self-funded Health	Flex Plan	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 1,360,635	\$ 90,492	\$ 1,451,127
Cash payments to suppliers for goods or services	(1,211,440)	(89,784)	(1,301,224)
Net cash provided by operating activities	<u>149,195</u>	<u>708</u>	<u>149,903</u>
Cash and cash equivalents beginning of year	<u>362,670</u>	<u>2,341</u>	<u>365,011</u>
Cash and cash equivalents end of year	<u>\$ 511,865</u>	<u>\$ 3,049</u>	<u>\$ 514,914</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 147,175	\$ 708	\$ 147,883
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in accounts payable	<u>2,020</u>	<u>-</u>	<u>2,020</u>
Net cash provided by operating activities	<u>\$ 149,195</u>	<u>\$ 708</u>	<u>\$ 149,903</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, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Life Touch	\$ (1)	\$ -	\$ -	(1)
Landscaping Project	(40)	-	-	(40)
Books & Buddies	182	-	-	182
FCCLA	508	4,509	5,005	12
Spanish	604	453	305	752
Marketing Club	3,307	-	-	3,307
High School Student Council	3,427	8,894	8,440	3,881
K-6 Book Club	13,055	15,679	19,685	9,049
7-12 Book Club	20	1,325	1,325	20
High School Annual	9,258	7,773	5,245	11,786
Color Guard	70	-	-	70
Cheerleading	1,197	18,223	17,148	2,272
Middle School Student Council	1,298	1,249	1,310	1,237
Middle School Yearbook	783	3,100	3,142	741
Elementary Yearbook	174	2,990	2,831	333
Hartford Store	1,280	290	672	898
High School Academic Enrichment	7,157	4,939	1,683	10,413
SADD	1,602	1,016	1,601	1,017
Elementary Enrichment	3,995	12,232	12,637	3,590
Middle School Enrichment	2,410	24,151	15,929	10,632
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
Interest	8,063	300	-	8,363
5-6 Band Concessions	748	-	606	142
Drama	3,219	2,399	145	5,473
Speech Club	(1,926)	625	623	(1,924)
Debate Club	268	-	268	-
High School Chorus	11,014	750	760	11,004
Musical Productions	8,778	1,160	662	9,276
7-12 Band	4,619	188	864	3,943
All Athletics	11,076	110,253	101,456	19,873
Basketball - Girls	339	1,871	1,577	633
Basketball - Boys	550	5,984	5,166	1,368
Soccer - Girls	1,108	715	897	926
Soccer - Boys	496	62	312	246
Track - Girls	757	6,853	7,316	294

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Track - Boys	\$ 92	\$ 6,477	\$ 3,894	\$ 2,675
Cross Country	278	1,837	1,460	655
Weightlifting	6,310	1,140	1,991	5,459
Football	6,838	34,544	40,111	1,271
Baseball	6,303	5,064	9,351	2,016
Wrestling	6,257	2,659	6,584	2,332
Volleyball	5,467	7,995	12,477	985
Softball	46	26,700	26,138	608
Y-Camp	4,566	10,172	8,960	5,778
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	(138)	4,000	3,785	77
Golf - Girls	(212)	1,200	1,338	(350)
MS Conservation Team	4,888	-	4,775	113
Character Counts	2,857	5,080	4,288	3,649
Culture Club	5	-	-	5
Prom	(219)	7,825	4,793	2,813
Adopt-A-Classroom	384	-	-	384
Middle School	7,954	16,784	15,496	9,242
Art Club - HS	8	-	-	8
Art Club - MS	807	1,507	1,566	748
Hartford Yearbook	3,196	737	1,440	2,493
Dance Team	98	6,425	6,319	204
<b>Total</b>	<b>\$ 157,369</b>	<b>\$ 378,129</b>	<b>\$ 372,376</b>	<b>\$ 163,122</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, 2014

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

See accompanying independent auditor's report.

This page intentionally left blank

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,			
	2014	2013	2012	2011
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 5,242,667	\$ 6,673,466	\$ 6,813,016	\$ 6,494,784
Tuition	1,445,627	1,272,599	1,111,259	920,325
Other	695,321	801,271	750,508	1,067,275
Intermediate sources	-	5,000	-	-
State sources	13,488,503	11,227,830	11,008,811	10,574,939
Federal sources	576,726	429,848	814,695	846,035
<b>Total revenues</b>	<b>\$ 21,448,844</b>	<b>\$ 20,410,014</b>	<b>\$ 20,498,289</b>	<b>\$ 19,903,358</b>
<b>Expenditures:</b>				
Instruction	\$ 11,435,414	\$ 10,625,063	\$ 10,095,727	\$ 9,650,279
Support services:				
Student	724,600	690,058	671,591	603,862
Instructional staff	525,538	391,066	303,120	408,471
Administration	2,557,565	2,413,717	2,282,587	2,091,204
Operation and maintenance of plant	1,489,312	1,489,222	1,442,798	1,382,082
Transportation	854,201	825,319	984,419	821,043
Other expenditures:				
Facilities acquisition	1,037,840	718,489	623,095	1,411,893
Long-term debt:				
Principal	625,000	1,285,750	858,250	958,250
Interest and fiscal charges	846,425	884,630	925,255	959,901
AEA flowthrough	696,090	664,895	649,983	688,857
<b>Total expenditures</b>	<b>\$ 20,791,985</b>	<b>\$ 19,988,209</b>	<b>\$ 18,836,825</b>	<b>\$ 18,975,842</b>

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	5,642,664	\$ 5,605,083	\$ 5,183,840	\$ 4,521,969	\$ 4,306,821	\$ 4,098,804
	604,590	531,953	393,000	390,632	304,523	300,814
	716,657	636,030	791,989	879,642	678,493	547,054
	10,000	10,000	27,291	-	-	-
	9,259,561	10,382,655	9,940,194	8,323,806	7,230,151	6,538,370
	1,533,433	235,843	278,604	740,735	202,446	197,467
\$	<u>17,766,905</u>	<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>
\$	9,556,760	\$ 9,532,176	\$ 9,224,556	\$ 7,763,185	\$ 7,174,229	\$ 6,637,400
	584,782	592,126	547,931	471,477	417,024	373,037
	339,566	734,228	323,161	356,783	381,665	378,376
	2,095,597	2,052,331	2,101,225	1,490,702	1,267,388	1,093,941
	1,435,226	1,478,901	1,621,960	1,146,121	1,013,038	905,034
	744,623	707,065	643,595	510,147	526,625	406,817
	7,510,608	2,363,979	1,050,244	7,527,550	2,562,007	3,788,085
	933,250	792,500	520,000	635,000	705,000	71,759
	802,786	444,237	449,592	520,221	110,891	415,600
	665,706	615,532	571,154	502,822	441,409	399,159
\$	<u>24,668,904</u>	<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>

CARLISLE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2014

<u>Grantor / Program</u>	<u>CFDA Number</u>	<u>Pass-through or Grant Number</u>	<u>Expenditures</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Specialty Crop Block Grant Program - Farm Bill	10.170	0981-14	\$ <u>50</u>
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	0981-14	60,883
National School Lunch Program*	10.555	0981-14	<u>340,304</u>
			<u>401,187</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0981-G-14	132,964
Title I Grants to Local Educational Agencies	84.010	0981-SINA-14	<u>13,204</u>
			<u>146,168</u>
Special Education - Grants to States**	84.027	0981-14	<u>49,730</u>
Advanced Placement Program	84.330	0981-14	<u>291</u>
Improving Teacher Quality State Grants	84.367	0981-14	<u>35,647</u>
Grants for State Assessments and Related Activities	84.369	0981-14	<u>10,434</u>
Career and Technical Education - Basic Grants to States	84.048	0981-14	<u>44,022</u>
Heartland Area Education Agency:			
Special Education - Grants to States**	84.027	0981-14	<u>82,689</u>
Total			\$ <u><u>770,218</u></u>

\* = Includes \$41,344 of non-cash awards.

\*\* = Total expended for CFDA number 84.027 = \$132,419

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.

DOUGLAS T. HUNT, CPA  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
DEE A.A. HOKE, CPA

**HUNT & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST  
OSKALOOSA, IA 52577  
641/672-2541  
FAX 641/672-2461  
  
317 EAST ROBINSON  
KNOXVILLE, IA 50138  
641/842-3184  
FAX 641/828-7404

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, 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, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 7, 2014.

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 a deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-14 that we consider to be a significant deficiency.

### Compliance

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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance 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, 2014 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 report 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.

*Hunt + Associates, P.C.*

Oskaloosa, Iowa  
October 7, 2014

DOUGLAS T. HUNT, CPA  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
DEE A.A. HOKE, CPA

**HUNT & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST  
OSKALOOSA, IA 52577  
641/672-2541  
FAX 641/672-2461  
  
317 EAST ROBINSON  
KNOXVILLE, IA 50138  
641/842-3184  
FAX 641/828-7404

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE 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, 2014. 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, 2014.

Report on Internal Control Over Compliance

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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance 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 is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

*Hunt & Associates, P.C.*

Oskaloosa, Iowa  
October 7, 2014

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- (a) Unmodified opinions were issued on all opinion units.
- (b) A significant deficiency in internal control over financial reporting was reported.
- (c) The audit did not report any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (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, 2014

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-14 Unearned Revenue – Students make periodic payments into their meal accounts, funds which are then used for the purchase of meals and ala carte items from the Enterprise, School Nutrition Fund. Those deposits into the students' accounts are recorded as unearned revenue by the District and reclassified as earned revenue as the students purchase meals and other food items. Therefore, the balance in the District's unearned revenue account should always balance to the total balances in the students' individual accounts. We noted in our testing of the District's unearned revenue account that the balance per the District's general ledger was \$6,184 higher than the balance report for the total of the individual student accounts. This difference was adjusted at the audit date to properly reflect on the financial statements.

Recommendation – The District should investigate the difference between the general ledger balance and the individual balance report for the unearned revenues. One possibility is that the monthly Nutrition Fund earned revenue report is not recording certain purchases by students for reclassification into earned revenue by the District. Another is that the students are paying cash for certain purchases but the cash receipt is being recorded erroneously as unearned revenue.

Response – We will investigate the reason for the difference between the general ledger balance for unearned revenue and the individual student account balances. We will make the necessary changes to insure the proper recording of all revenues in the future.

Conclusion – Response accepted.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part IV: Other Findings Related to Statutory Reporting:

IV-A-14 Certified Budget – Expenditures/expenses for the year ended June 30, 2014, exceeded the amount budgeted in the instruction function.

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

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

Conclusion – Response accepted.

IV-B-14 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-14 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-14 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Terri Joiner, spouse of Board President Joiner	Secretary	\$30,510
Sarah Flaws, daughter of Business Manager Jean Flaws	Summer aid	\$1,825
Michelle Robinson, daughter of Business Manager Jean Flaws	Teaching	\$54,235

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the children of the Business Manager do not appear to represent a conflict of interest since the Business Manager has no direct influence in the hiring of qualified teachers or aides.

The transactions with the spouse of Board President Joiner do not represent conflicts of interest according to an attorney general opinion dated November 9, 1976.

IV-E-14 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-14 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, 2014

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

IV-G-14 Certified Enrollment – We noted that the enrollment data certified to the Department of Education included one individual who was improperly included on the original submission for the year ended June 30, 2014.

Recommendation – The District should contact the Department of Education and the Department of Management to report the additional student originally claimed in error.

Response – This was an oversight on our part when collating the information used in the difficult enrollment certification process. We will contact the necessary departments to report this error.

Conclusion – Response accepted.

IV-H-14 Supplementary Weighting – We noted a variance regarding the supplementary weighting certified to the Iowa Department of Education. Supplementary weighting was overstated by .31 students.

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

Response – We will contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.

Conclusion – Response accepted.

IV-I-14 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-14 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-14 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

IV-L-14 Statewide Sales, Services and Use 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	1,143,441
Revenues:			
Interest	\$	3,009	
Other local revenues		956	
Statewide sales, services and use tax		905,329	
School infrastructure supplemental amount		<u>657,228</u>	1,566,522
Expenditures/transfers out:			
School infrastructure construction		908,168	
Transfers to other funds:			
Other transfers		<u>769,270</u>	<u>1,677,438</u>
Ending balance		\$	<u><u>1,032,525</u></u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.