



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

January 28, 2011

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

The City's receipts totaled \$6,657,810 for the year ended June 30, 2010, a 7 percent increase over the prior year. The receipts included \$1,401,569 in property tax, \$3,166,813 from charges for service, \$534,726 from operating grants, contributions and restricted interest, \$231,838 from capital grants, contributions and restricted interest, \$49,613 from unrestricted interest on investments, \$1,216,430 from the sale of general obligation capital loan and grant anticipation project notes and \$56,821 from other general receipts.

Disbursements for the year totaled \$8,295,463, a 4 percent decrease from the prior year, and included \$793,004 for public safety, \$543,200 for capital projects and \$532,225 for public works. Also, disbursements for business type activities totaled \$5,334,725.

The significant increase in receipts is due primarily to the City receiving proceeds from the issuance of general obligation capital loan and grant anticipation project notes in 2010.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at: <http://auditor.iowa.gov/reports/1020-0870-B00F.pdf>.

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CITY OF CARLISLE

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

JUNE 30, 2010

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City of Carlisle

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2010)		
Ruth Randleman	Mayor	Jan 2010
Eric Mahnke	Mayor Pro tem	Jan 2010
Doug Hammerand	Council Member	Jan 2010
Drew Merrifield	Council Member	Jan 2012
Alma Reed	Council Member	Jan 2012
Robert Van Ryswyk	Council Member	Jan 2012
Neil Ruddy	Administrator/Clerk	Indefinite
Andra K. Black	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite
(After January 2010)		
Ruth Randleman	Mayor	Jan 2014
Eric Mahnke	Mayor Pro tem	Jan 2014
Drew Merrifield	Council Member	Jan 2012
Alma Reed	Council Member	Jan 2012
Robert Van Ryswyk	Council Member	Jan 2012
Doug Hammerand	Council Member	Jan 2014
Neil Ruddy	Administrator/Clerk	Indefinite
Andra K. Black	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

City of Carlisle



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Carlisle's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

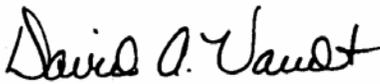
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

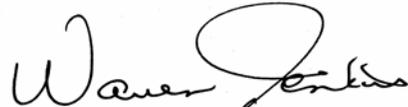
In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2011 on our consideration of the City of Carlisle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 32 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carlisle's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 12, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Carlisle provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 5.1%, or approximately \$176,000, from fiscal year 2009 to fiscal year 2010, primarily due to the issuance of general obligation capital loan notes.
- The City's governmental activities disbursements decreased 16.5%, or approximately \$584,000, from fiscal year 2009 to fiscal year 2010. Disbursements for general obligation bonds and notes refunded decreased approximately \$810,000 due to the City refunding three bond and note issues in fiscal year 2009. Capital projects function disbursements increased approximately \$255,000, primarily due to the County Line Road reconstruction project.
- The City's governmental activities cash balance at June 30, 2010 increased 65.8%, or approximately \$671,000, from June 30, 2009. The increase is primarily due to the issuance of the general obligation capital loan and grant anticipation project notes for the County Line Road reconstruction project. As of June 30, 2010, the City had not spent all of the note proceeds on the County Line Road reconstruction project.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

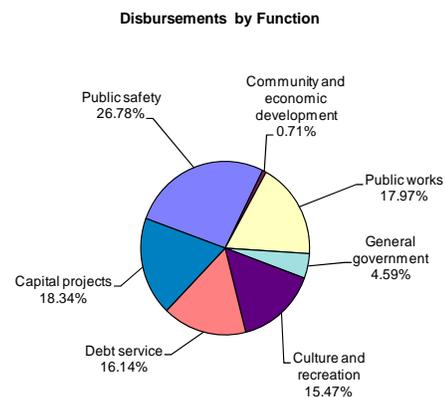
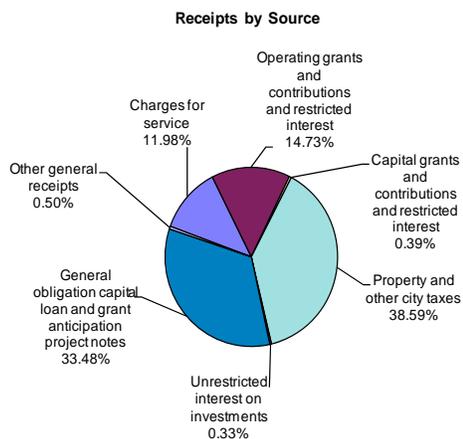
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased sharply from a year ago, increasing approximately \$671,000 to approximately \$1.690 million. The analysis below focuses on the change in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
Receipts:		
Program receipts:		
Charges for service	\$ 435	519
Operating grants, contributions and restricted interest	535	467
Capital grants, contributions and restricted interest	14	265
General receipts:		
Property and other city tax	1,402	1,341
Unrestricted interest on investments	12	16
General obligation capital loan and grant anticipation project note proceeds	1,216	828
Other general receipts	18	20
Total receipts	3,632	3,456
Disbursements:		
Operating:		
Public safety	793	827
Public works	532	513
Culture and recreation	458	431
Community and economic development	21	21
General government	136	203
Debt service	478	452
Capital projects	543	288
General obligation bonds and notes refunded	-	810
Total disbursements	2,961	3,545
Change in cash basis net assets before transfers	671	(89)
Transfers, net	-	5
Change in cash basis net assets	671	(84)
Cash basis net assets beginning of year	1,019	1,103
Cash basis net assets end of year	\$ 1,690	1,019



Total governmental activities receipts for the fiscal year were approximately \$3.632 million. The cash balance increased approximately \$671,000 over the prior year, primarily due to the issuance of the general obligation capital loan and grant anticipation project notes for the County Line Road reconstruction project. As of June 30, 2010, the City had not spent all of the note proceeds on the County Line Road project.

Changes in Cash Basis Net Assets of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 484	490
Sewer	613	537
Electric	1,634	1,610
Operating grants and contributions:		
Sewer	-	4
Capital grants and contributions:		
Water	218	-
Sewer	-	35
General receipts:		
Unrestricted interest on investments	37	81
Miscellaneous	39	25
Total receipts	<u>3,025</u>	<u>2,782</u>
Disbursements:		
Water	633	763
Sewer	3,133	2,469
Electric	1,568	1,871
Total disbursements	<u>5,334</u>	<u>5,103</u>
Change in cash basis net assets before transfers	(2,309)	(2,321)
Transfers, net	-	(5)
Change in cash basis net assets	(2,309)	(2,326)
Cash basis net assets beginning of year	<u>2,668</u>	<u>4,994</u>
Cash basis net assets end of year	<u>\$ 359</u>	<u>2,668</u>

Total business type activities receipts for the fiscal year were approximately \$3.025 million. There were no significant changes in receipts and disbursements from the prior year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$1,654,552, an increase of \$672,396 from last year's total of \$982,156. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$52,303 from the prior year, resulting in an ending cash balance of \$613,537. This increase was primarily due to an increase in receipts from the issuance of a general obligation capital loan note for the purchase of a new fire/EMS vehicle. Additionally, general government function disbursements decreased as the City did not incur consulting fees for the County Line Road reconstruction project in fiscal year 2010, as had been incurred in fiscal year 2009.

- The Special Revenue, Road Use Tax Fund cash balance decreased \$7,180 during the fiscal year to \$170,507 at June 30, 2010. This decrease was primarily attributable to a decrease in FEMA disaster relief receipts.
- The Debt Service Fund cash balance increased \$9,863 to \$154,388 at June 30, 2010. This is primarily due to an increase in property tax receipts.
- The Capital Projects Fund cash balance increased \$512,064 to \$537,423 at June 30, 2010. The City issued general obligation capital loan and grant anticipation project notes for the County Line Road reconstruction project, much of which had not been spent as of June 30, 2010.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance decreased \$109,128 from the prior year to \$543,307. This decrease occurred because total disbursements exceeded total receipts for the year. Although total disbursements decreased from fiscal year 2009, total receipts also decreased.
- The Enterprise, Sewer Fund cash balance decreased \$2,265,145 from the prior year to \$(294,696). The decrease in cash balance was primarily due to disbursements related to the Avon sewer project as well as an increase in principal and interest payments on revenue notes and bonds. In December 2009, the City retired the sewer revenue capital loan anticipation project note principal balance of \$758,000
- The Enterprise, Electric Fund cash balance increased \$68,808 to \$74,884 during the fiscal year. This increase is due to decreased disbursements as the City retired all of its electric revenue bonds in fiscal year 2009. Additionally, the City incurred additional disbursements in fiscal year 2009 when it switched power supply companies.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 24, 2010 and resulted in an increase of \$40,781 in receipts, mainly related to FEMA and various other grants. The budgeted disbursements also increased \$128,131, primarily due to increased salaries for the police department as well as costs related to the hiring of a new police chief, resulting in the use of an additional \$87,349 of the General Fund balance.

The City's total receipts were \$7,159,853 under budgeted receipts, or 57% less than expected. The most significant variance was the City budgeted for total receipts of a 5-year project in fiscal year 2010. The City will receive approximately \$6.6 million over the course of the next 5 years and upon the completion of the Gateway project. This entire amount was budgeted in fiscal year 2010.

Total disbursements were \$6,991,528 less than budgeted because the City budgeted for the entire cost of a 5-year project in fiscal year 2010. The disbursements for the Gateway project will be incurred over the next 5 years, but the entire amount was budgeted in fiscal year 2010.

DEBT ADMINISTRATION

At June 30, 2010, the City had \$5,020,000 in bonds and other long-term debt outstanding, compared to \$5,183,000 last year, as shown below:

	Outstanding Debt at Year-End	
	(Expressed in Thousands)	
	June 30,	
	2010	2009
General obligation bonds	\$ 665	745
General obligation capital loan notes	1,585	895
Revenue capital loan notes	2,465	2,650
Revenue bonds	105	135
General obligation capital loan and grant anticipation project notes	200	-
Revenue capital loan anticipation project notes	-	758
Total	\$ 5,020	5,183

Debt decreased as a result of current year principal payments.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$2,450,000, excluding the annual payments on a \$63,600 tax increment financing rebate agreement, is significantly below its constitutional debt limit of approximately \$9.3 million.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget. One of those factors is the economy. The City's total assessed valuations have increased slightly. However, funding from the State has decreased due to the State's budget constraints. The Council worked hard to retain the same tax rate for fiscal year 2011 with no increase to the taxpayers.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

City of Carlisle

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2010

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 793,004	111,942	164,945	-
Public works	532,225	207,202	325,557	-
Culture and recreation	458,088	86,193	37,363	500
Community and economic development	21,227	1,694	1,306	-
General government	135,459	20,429	-	-
Debt service	477,535	7,342	5,555	-
Capital projects	543,200	-	-	13,668
Total governmental activities	2,960,738	434,802	534,726	14,168
Business type activities:				
Water	632,937	484,443	-	-
Sewer	3,133,048	613,186	-	217,670
Electric	1,568,740	1,634,382	-	-
Total business type activities	5,334,725	2,732,011	-	217,670
Total	\$ 8,295,463	3,166,813	534,726	231,838
General Receipts:				
Property and other city tax levied for:				
General purposes				
Debt service				
Unrestricted interest on investments				
General obligation capital loan and grant anticipation project note proceeds, net of \$3,570 discount				
Miscellaneous				
Total general receipts				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Nonexpendable:				
Permanent fund				
Expendable:				
Streets				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(516,117)	-	(516,117)
534	-	534
(334,032)	-	(334,032)
(18,227)	-	(18,227)
(115,030)	-	(115,030)
(464,638)	-	(464,638)
(529,532)	-	(529,532)
(1,977,042)	-	(1,977,042)
-	(148,494)	(148,494)
-	(2,302,192)	(2,302,192)
-	65,642	65,642
-	(2,385,044)	(2,385,044)
(1,977,042)	(2,385,044)	(4,362,086)
939,872	-	939,872
461,697	-	461,697
12,451	37,162	49,613
1,216,430	-	1,216,430
17,810	39,011	56,821
2,648,260	76,173	2,724,433
671,218	(2,308,871)	(1,637,653)
1,018,957	2,668,451	3,687,408
\$ 1,690,175	359,580	2,049,755
\$ 36,634	-	36,634
170,507	-	170,507
154,388	490,168	644,556
537,423	-	537,423
142,063	-	142,063
649,160	(130,588)	518,572
\$ 1,690,175	359,580	2,049,755

City of Carlisle

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

As of and for the year ended June 30, 2010

	General	Special Revenue Road Use Tax
Receipts:		
Property tax	\$ 867,370	-
Other city tax	9,366	-
Licenses and permits	59,735	-
Use of money and property	12,451	-
Intergovernmental	46,048	325,557
Charges for service	344,293	-
Special assessments	-	-
Miscellaneous	29,744	-
Total receipts	1,369,007	325,557
Disbursements:		
Operating:		
Public safety	750,218	-
Public works	198,839	332,737
Culture and recreation	449,431	-
Community and economic development	21,227	-
General government	135,459	-
Debt service	-	-
Capital projects	-	-
Total disbursements	1,555,174	332,737
Excess (deficiency) of receipts over (under) disbursements	(186,167)	(7,180)
Other financing sources (uses):		
General obligation capital loan and grant anticipation project note proceeds, net of \$3,570 discount	175,334	-
Operating transfers in	63,136	-
Operating transfers out	-	-
Total other financing sources (uses)	238,470	-
Net change in cash balances	52,303	(7,180)
Cash balances beginning of year	561,234	177,687
Cash balances end of year	\$ 613,537	170,507
Cash Basis Fund Balances		
Reserved for debt service	\$ -	-
Unreserved:		
General fund	613,537	-
Special revenue funds	-	170,507
Capital projects fund	-	-
Permanent fund	-	-
Total cash basis fund balances	\$ 613,537	170,507

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
456,692	-	63,136	1,387,198
5,005	-	-	14,371
-	-	-	59,735
18,359	1,451	-	32,261
-	12,217	-	383,822
-	-	-	344,293
7,342	-	-	7,342
-	500	154,785	185,029
<u>487,398</u>	<u>14,168</u>	<u>217,921</u>	<u>2,414,051</u>
-	-	41,136	791,354
-	-	-	531,576
-	-	8,303	457,734
-	-	-	21,227
-	-	-	135,459
477,535	-	-	477,535
-	543,200	-	543,200
<u>477,535</u>	<u>543,200</u>	<u>49,439</u>	<u>2,958,085</u>
<u>9,863</u>	<u>(529,032)</u>	<u>168,482</u>	<u>(544,034)</u>
-	1,041,096	-	1,216,430
-	-	-	63,136
-	-	(63,136)	(63,136)
-	<u>1,041,096</u>	<u>(63,136)</u>	<u>1,216,430</u>
9,863	512,064	105,346	672,396
144,525	25,359	73,351	982,156
<u>154,388</u>	<u>537,423</u>	<u>178,697</u>	<u>1,654,552</u>
154,388	-	-	154,388
-	-	-	613,537
-	-	142,063	312,570
-	537,423	-	537,423
-	-	36,634	36,634
<u>154,388</u>	<u>537,423</u>	<u>178,697</u>	<u>1,654,552</u>

City of Carlisle

City of Carlisle

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

As of and for the year ended June 30, 2010

Total governmental funds cash balances (page 17) \$ 1,654,552

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

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

35,623

Cash basis net assets of governmental activities (page 15)

\$ 1,690,175

Net change in cash balances (page 17)

\$ 672,396

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

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

(1,178)

Change in cash basis net assets of governmental activities (page 15)

\$ 671,218

See notes to financial statements.

Exhibit D

City of Carlisle

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

As of and for the year ended June 30, 2010

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	Self Funded Insurance
Operating receipts:					
Charges for service	\$ 484,443	613,186	1,634,166	2,731,795	-
Miscellaneous	-	-	216	216	14,348
Total operating receipts	484,443	613,186	1,634,382	2,732,011	14,348
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	5,559
Public works	-	-	-	-	2,186
Culture and recreation	-	-	-	-	1,191
Business type activities	407,292	278,966	1,567,032	2,253,290	11,471
Total operating disbursements	407,292	278,966	1,567,032	2,253,290	20,407
Excess (deficiency) of operating receipts over (under) operating disbursements	77,151	334,220	67,350	478,721	(6,059)
Non-operating receipts (disbursements):					
Intergovernmental	-	217,670	-	217,670	-
Interest on investments	13,621	22,083	1,458	37,162	1,475
Miscellaneous	24,896	14,115	-	39,011	-
Debt service	(35,460)	(1,056,416)	-	(1,091,876)	-
Capital projects	(189,336)	(1,796,817)	-	(1,986,153)	-
Total non-operating receipts (disbursements)	(186,279)	(2,599,365)	1,458	(2,784,186)	1,475
Excess (deficiency) of receipts over (under) disbursements	(109,128)	(2,265,145)	68,808	(2,305,465)	(4,584)
Cash balances beginning of year	652,435	1,970,449	6,076	2,628,960	76,292
Cash balances end of year	\$ 543,307	(294,696)	74,884	323,495	71,708
Cash Basis Fund Balances					
Reserved for debt service	\$ 86,341	403,827	-	490,168	-
Unreserved	456,966	(698,523)	74,884	(166,673)	71,708
Total cash basis fund balances	\$ 543,307	(294,696)	74,884	323,495	71,708

See notes to financial statements.

City of Carlisle

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

As of and for the year ended June 30, 2010

Total enterprise funds cash balances (page 20) \$ 323,495

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

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

36,085

Cash basis net assets of business type activities (page 15) \$ 359,580

Net change in cash balances (page 20) \$(2,305,465)

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

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

(3,406)

Change in cash basis net assets of business type activities (page 15) \$(2,308,871)

See notes to financial statements.

City of Carlisle

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Blended Component Units

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

Jointly Governed Organizations

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

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

B. Basis of Presentation

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

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

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

The City also reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted for any function.

(2) Cash and Pooled Investments

The City's deposits in banks and credit unions at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds		General Obligation Capital Loan Notes		Revenue Capital Loan Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 85,000	25,698	305,000	39,538	190,000	94,268
2012	85,000	22,808	305,000	33,938	190,000	88,188
2013	90,000	19,748	255,000	27,575	195,000	81,603
2014	95,000	16,373	165,000	21,700	205,000	74,538
2015	100,000	12,715	105,000	17,580	155,000	66,861
2016-2020	210,000	13,125	450,000	38,560	885,000	242,290
2021-2023	-	-	-	-	645,000	54,600
Total	\$ 665,000	110,467	1,585,000	178,891	2,465,000	702,348

Year Ending June 30,	Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2011	\$ 35,000	4,025	615,000	163,529
2012	35,000	2,748	615,000	147,682
2013	35,000	1,400	575,000	130,326
2014	-	-	465,000	112,611
2015	-	-	360,000	97,156
2016-2020	-	-	1,545,000	293,975
2021-2023	-	-	645,000	54,600
Total	\$ 105,000	8,173	4,820,000	999,879

Revenue Bonds and Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$3,160,000 of sewer revenue capital loan notes issued November 1, 2003 and May 28, 2008. The notes were issued for the purpose of paying the costs of improvements and extensions of the sewer system. The notes are payable solely and only out of the net earnings of the Sewer Utility System and are payable through 2023. The total principal and interest remaining to be paid on the notes is \$3,167,348. For the current year, sewer revenue capital loan note principal and interest paid were \$284,788 and total customer net receipts plus interest on investments and miscellaneous receipts were \$370,418. Annual principal and interest payments on these sewer revenue notes are expected to require approximately 77 percent of net receipts.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$280,000 of water revenue bonds issued October 1, 2003. The bonds were issued for the purpose of paying the costs of improvements and extensions of the water system. The bonds are payable solely and only out of the net earnings of the Water Utility System and are payable through 2013. The total principal and interest remaining to be paid on the bonds is \$113,173. For the current year, principal and interest paid and total customer net receipts were \$35,060 and \$77,151, respectively. Annual principal and interest payments on these water revenue bonds are expected to require approximately 45 percent of net receipts.

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

- (1) The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the bond and note holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate water and sewer revenue sinking accounts within the Enterprise Funds for the purpose of making the bond and note principal and interest payments when due.
- (3) Additional monthly transfers shall be made to separate water and sewer reserve accounts until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying bond and note principal and interest payments when insufficient money is available in the sinking accounts.
- (4) Water and sewer user rates shall be established at a level which produces net revenues at a level not less than 125% of the amount of principal and interest due on the bonds and notes during the same year.
- (5) For the sewer revenue capital loan notes, an amount equal to \$240,132 shall be deposited in the reserve account.

On October 14, 2009, the City issued \$1,020,000 of general obligation capital loan notes for the purpose of paying the costs of equipping the Fire and Emergency Services Department, street and paving improvements and storm and sanitary sewer improvements, including related work for the County Line Road reconstruction project. The note matures on June 1, 2019.

On June 4, 2010, the City authorized up to \$1,000,000 of general obligation capital loan and grant anticipation project notes for the purpose of paying the cost of street and paving improvements, storm and sanitary sewer improvements, including related site work for the County Line Road reconstruction project, pledging for the payment thereof the Capital Projects Fund of the City. The notes mature on June 1, 2011. As of June 30, 2010, the City had only drawn \$200,000 on the notes.

(4) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City’s contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$73,214, \$69,690 and \$64,144, respectively, equal to the required contributions for each year.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 20 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$342 for single coverage, \$700 for employee and spouse coverage, \$647 for employee and child coverage, and \$1,049 for family coverage. For the year ended June 30, 2010, the City contributed \$149,367 and plan members eligible for benefits contributed \$15,125 to the plan.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, retirement or death. Unused sick leave hours are lost upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned vacation and compensatory time payable to employees at June 30, 2010, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 80,000
Compensatory time	<u>28,000</u>
Total	<u>\$ 108,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2010.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Employee Benefits	<u>\$ 63,136</u>

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

(8) Risk Management

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

(9) Employee Dental and Short-Term Disability Insurance Plan

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

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

Monthly payments of service fees and plan contributions to the Internal Service, Self Funded Insurance Fund are recorded as disbursements from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to American Administrators. The City's contribution to the fund for the year ended June 30, 2010 was \$14,348.

(10) Development Agreement

The City entered into a development agreement on May 27, 2009 to assist an urban renewal project. The agreement requires the City to rebate portions of the incremental tax paid by the developer in exchange for minimum improvements to be constructed on the development property.

The total to be paid by the City under the agreement is not to exceed \$63,600. The City will start rebating incremental tax starting June 1, 2011. The outstanding balance of the agreement at June 30, 2010 was \$63,600.

The agreement is not a general obligation of the City. The agreement includes an annual appropriation clause and, accordingly, only the amount payable in the succeeding year is subject to the constitutional debt limitation of the City.

(11) Deficit Balance

The Enterprise, Sewer Fund had a deficit balance of \$294,696 at June 30, 2010. The deficit balance was a result of project costs incurred by the City. The deficit will be eliminated upon receipt of USDA grant funds.

(12) Subsequent Event

In August 2010, the City drew an additional \$500,000 on the general obligation capital loan and grant anticipation project notes to finance a portion of the County Line Road reconstruction project.

(13) Construction Commitments

Construction commitments at June 30, 2010 totaled \$1,913,292, which will be paid as work on the projects progresses. These projects will be funded through general obligation notes, grants and local funds on hand.

City of Carlisle

Required Supplementary Information

City of Carlisle

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

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,387,198	-	-
Other city tax	14,371	-	-
Licenses and permits	59,735	-	-
Use of money and property	32,261	38,637	(1,475)
Intergovernmental	383,822	217,670	-
Charges for service	344,293	2,731,795	-
Special assessments	7,342	-	-
Miscellaneous	185,029	53,575	(14,348)
Total receipts	<u>2,414,051</u>	<u>3,041,677</u>	<u>(15,823)</u>
Disbursements:			
Public safety	791,354	5,559	(5,559)
Public works	531,576	2,186	(2,186)
Health and social services	-	-	-
Culture and recreation	457,734	1,191	(1,191)
Community and economic development	21,227	-	-
General government	135,459	-	-
Debt service	477,535	-	-
Capital projects	543,200	-	-
Business type activities	-	5,342,790	(11,471)
Total disbursements	<u>2,958,085</u>	<u>5,351,726</u>	<u>(20,407)</u>
Excess (deficiency) of receipts over (under) disbursements	(544,034)	(2,310,049)	4,584
Other financing sources (uses), net	1,216,430	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	672,396	(2,310,049)	4,584
Balances beginning of year	982,156	2,705,252	(76,292)
Balances end of year	<u>\$ 1,654,552</u>	<u>395,203</u>	<u>(71,708)</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,387,198	1,386,527	1,386,527	671
14,371	15,123	15,123	(752)
59,735	43,400	48,400	11,335
69,423	18,000	18,000	51,423
601,492	5,487,838	5,523,619	(4,922,127)
3,076,088	3,416,650	3,416,650	(340,562)
7,342	1,910,359	1,910,359	(1,903,017)
224,256	281,080	281,080	(56,824)
5,439,905	12,558,977	12,599,758	(7,159,853)
791,354	739,754	824,321	32,967
531,576	571,073	577,679	46,103
-	2,500	2,500	2,500
457,734	510,163	525,121	67,387
21,227	21,577	21,577	350
135,459	129,537	136,537	1,078
477,535	482,692	482,692	5,157
543,200	6,211,128	6,211,128	5,667,928
5,331,319	6,484,377	6,499,377	1,168,058
8,289,404	15,152,801	15,280,932	6,991,528
(2,849,499)	(2,593,824)	(2,681,174)	(168,325)
1,216,430	70,000	70,000	1,146,430
(1,633,069)	(2,523,824)	(2,611,174)	978,105
3,611,116	5,512,131	5,512,131	(1,901,015)
1,978,047	2,988,307	2,900,957	(922,910)

City of Carlisle

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$128,131. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted for any function.

Other Supplementary Information

City of Carlisle

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

As of and for the year ended June 30, 2010

	Special Revenue		
	Employee	Gifts and Bequests	Urban Renewal Tax Increment
	Benefits		
Receipts:			
Property tax	\$ 63,136	-	-
Miscellaneous	-	-	-
Total receipts	<u>63,136</u>	-	-
Disbursements:			
Operating:			
Public safety	-	-	-
Culture and recreation	-	-	-
Total disbursements	<u>-</u>	-	-
Excess (deficiency) of receipts over (under) disbursements	63,136	-	-
Other financing uses:			
Operating transfers out	<u>(63,136)</u>	-	-
Net change in cash balances	-	-	-
Cash balances beginning of year	-	1,350	18,181
Cash balances end of year	<u>\$ -</u>	<u>1,350</u>	<u>18,181</u>
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ -	1,350	18,181
Permanent fund	-	-	-
Total cash basis fund balances	<u>\$ -</u>	<u>1,350</u>	<u>18,181</u>

See accompanying independent auditor's report.

Friends of the Carlisle Library	Carlisle Volunteer Fire Department	Permanent Cemetery Perpetual Care	Total
-	-	-	63,136
7,312	145,585	1,888	154,785
7,312	145,585	1,888	217,921
-	41,136	-	41,136
8,303	-	-	8,303
8,303	41,136	-	49,439
(991)	104,449	1,888	168,482
-	-	-	(63,136)
(991)	104,449	1,888	105,346
8,816	10,258	34,746	73,351
7,825	114,707	36,634	178,697
7,825	114,707	-	142,063
-	-	36,634	36,634
7,825	114,707	36,634	178,697

City of Carlisle
Schedule of Indebtedness
Year ended June 30, 2010

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
General corporate purpose	Oct 15, 2004	2.20-4.20%	\$ 1,035,000
General obligation capital loan notes:			
General obligation capital loan refunding	Nov 1, 2004	2.20-3.00%	\$ 315,000
General obligation capital loan refunding	Apr 28, 2009	1.75-2.80	830,000
General obligation capital loan	Oct 14, 2009	1.30-3.70	1,020,000
Total			
Revenue capital loan notes:			
Sewer refunding	Nov 1, 2003	1.70-4.00%	\$ 1,015,000
Sewer	May 28, 2008	2.65-4.20	2,145,000
Total			
Revenue bonds:			
Water	Oct 1, 2003	2.75-4.00%	\$ 280,000
General obligation capital loan and grant anticipation project notes			
General obligation capital loan and grant anticipation project notes	June 4, 2010	4.25%	\$ 1,000,000
Sewer revenue capital loan anticipation project notes			
Sewer revenue capital loan anticipation project notes	May 28, 2008	3.10%	\$ 758,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 745,000	-	80,000	665,000	28,258
65,000	-	65,000	-	1,950
830,000	-	200,000	630,000	19,549
-	1,020,000	65,000	955,000	16,379
\$ 895,000	1,020,000	330,000	1,585,000	37,878
505,000	-	95,000	410,000	18,705
2,145,000	-	90,000	2,055,000	81,083
\$ 2,650,000	-	185,000	2,465,000	99,788
135,000	-	30,000	105,000	5,060
-	200,000	-	200,000	
758,000	-	758,000	-	12,728

City of Carlisle

City of Carlisle
Bond and Note Maturities
June 30, 2010

Year Ending June 30,	General Obligation Bonds		General Obligation Capital Loan Notes				
	Issued Oct 15, 2004		Issued April 28, 2009		Issued Oct 14, 2009		Total
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2011	3.40%	\$ 85,000	2.00%	\$ 205,000	1.50%	\$ 100,000	305,000
2012	3.60	85,000	2.25	205,000	1.75	100,000	305,000
2013	3.75	90,000	2.50	155,000	2.00	100,000	255,000
2014	3.85	95,000	2.80	65,000	2.30	100,000	165,000
2015	4.00	100,000	-	-	2.60	105,000	105,000
2016	4.10	105,000	-	-	2.90	110,000	110,000
2017	4.20	105,000	-	-	3.20	115,000	115,000
2018	-	-	-	-	3.40	115,000	115,000
2019	-	-	-	-	3.70	110,000	110,000
Total		<u>\$ 665,000</u>		<u>\$ 630,000</u>		<u>\$ 955,000</u>	<u>1,585,000</u>

Year Ending June 30,	Revenue Capital Loan Notes					Revenue Bonds	
	Issued Nov 1, 2003		Issued May 28, 2008		Total	Water - Issued Oct 1, 2003	
	Interest Rates	Amount	Interest Rates	Amount		Interest Rates	Amount
2011	3.50%	\$ 95,000	2.90%	\$ 95,000	190,000	3.65%	\$ 35,000
2012	3.75	100,000	3.15	90,000	190,000	3.85	35,000
2013	3.90	105,000	3.30	90,000	195,000	4.00	35,000
2014	4.00	110,000	3.45	95,000	205,000	-	-
2015	-	-	3.60	155,000	155,000	-	-
2016	-	-	3.70	160,000	160,000	-	-
2017	-	-	3.80	170,000	170,000	-	-
2018	-	-	3.90	175,000	175,000	-	-
2019	-	-	4.00	185,000	185,000	-	-
2020	-	-	4.05	195,000	195,000	-	-
2021	-	-	4.10	205,000	205,000	-	-
2022	-	-	4.15	215,000	215,000	-	-
2023	-	-	4.20	225,000	225,000	-	-
Total		<u>\$ 410,000</u>		<u>\$ 2,055,000</u>	<u>2,465,000</u>		<u>\$ 105,000</u>

See accompanying independent auditor's report.

City of Carlisle

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

For the Last Eight Years

	2010	2009	2008
Receipts:			
Property tax	\$ 1,387,198	1,325,750	1,234,492
Tax increment financing	-	203	24,629
Other city tax	14,371	14,523	14,614
Licenses and permits	59,735	86,248	41,854
Use of money and property	32,261	36,386	51,838
Intergovernmental	383,822	652,675	364,052
Charges for service	344,293	389,512	358,083
Special assessments	7,342	15,143	13,728
Miscellaneous	185,029	105,641	123,907
Total	\$ 2,414,051	2,626,081	2,227,197
Disbursements:			
Operating:			
Public safety	\$ 791,354	827,433	772,908
Public works	531,576	513,270	551,279
Health and social services	-	338	2,265
Culture and recreation	457,734	431,013	528,028
Community and economic development	21,227	20,727	10,683
General government	135,459	203,105	117,073
Debt service	477,535	451,566	437,228
Capital projects	543,200	287,689	59,358
Total	\$ 2,958,085	2,735,141	2,478,822

See accompanying independent auditor's report.

2007	2006	2005	2004	2003
1,224,101	1,173,326	1,073,994	1,021,511	992,648
-	22,886	21,800	18,597	19,001
15,994	16,809	14,345	16,138	13,389
37,643	99,885	60,726	49,296	51,173
59,702	43,293	40,466	23,999	47,053
398,418	375,991	1,031,293	617,781	378,410
355,109	355,014	251,729	222,396	211,970
17,539	22,153	22,777	40,360	40,369
279,504	291,774	278,245	178,546	104,090
<u>2,388,010</u>	<u>2,401,131</u>	<u>2,795,375</u>	<u>2,188,624</u>	<u>1,858,103</u>
604,041	578,902	576,172	637,225	530,542
474,361	443,500	456,976	442,841	415,834
2,265	2,357	2,062	2,452	1,224
395,143	389,963	245,198	229,366	238,693
29,545	24,301	31,573	26,387	22,667
99,098	179,024	134,841	119,916	129,550
443,688	438,610	681,267	592,915	303,553
71,428	266,664	1,842,637	1,363,375	396,976
<u>2,119,569</u>	<u>2,323,321</u>	<u>3,970,726</u>	<u>3,414,477</u>	<u>2,039,039</u>

City of Carlisle

City of Carlisle
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture: Water and Waste Disposal Systems for Rural Communities	10.760		<u>\$ 767,128</u>
Indirect:			
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/State's Program	14.228	04-WS-01203	201,418
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	SAFETEA-LU	150,537
Iowa Department of Public Safety - Governor's Traffic Safety Bureau: Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 10-410, Task 08	3,729
U.S. Department of Education: Treasurer of State: State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	7Y-91-1105-602	<u>4,176</u>
Total indirect			<u>359,860</u>
Total			<u><u>\$ 1,126,988</u></u>

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

See accompanying independent auditor's report.

City of Carlisle



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David A. Vaudt, CPA
Auditor of State

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

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 12, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Carlisle's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carlisle's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Carlisle's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a 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 City of Carlisle's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10, II-B-10, II-D-10 and II-F-10 to be material weaknesses.

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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-10 and II-E-10 to be significant deficiencies.

Compliance and Other Matters

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

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

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

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 12, 2011

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

City of Carlisle



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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council:

Compliance

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

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 the City of Carlisle's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Carlisle's compliance with those requirements.

In our opinion, the City of Carlisle complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the City of Carlisle is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Carlisle's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the City of Carlisle's internal control over compliance.

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

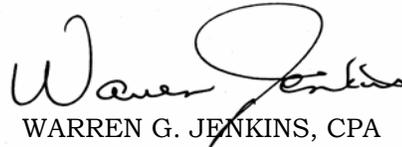
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-10 and III-B-10 to be material weaknesses.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 12, 2011

City of Carlisle
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 10.760 – Water and Waste Disposal Systems for Rural Communities.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Carlisle did not qualify as a low-risk auditee.

City of Carlisle
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Transfers – Certain transfers between funds were not approved by the City Council prior to making the transfer between funds.

Recommendation – The City Council should approve all fund/account transfers prior to the actual transfer and document approval and amount(s) as part of the minutes record.

Response – These transfers have traditionally been approved by Council, however, this year it was overlooked. All future transfers of funds from one fund to another will be approved by Council.

Conclusion – Response accepted.

II-B-10 Reconciliation of Utility Billings to Collections and Delinquent accounts – The City no longer performs utility reconciliations of billings to collections. Additionally, a complete listing of delinquent accounts is not maintained.

Recommendation – Procedures should be established to reconcile utility billings to collections monthly. Additionally, a complete listing of delinquent accounts should also be maintained. The reconciliation of billings to collections as well as the delinquent account listing should be reviewed by the City Council on a regular basis.

Response – This year we converted from one data processing system to another, and were not trained on all aspects of the system. In the future the utilities will be reconciled each month as we had done before the conversion.

Conclusion – Response accepted.

II-C-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Aquatic Center should review its operating procedures to obtain the maximum internal control possible under the circumstances. A periodic inventory should be performed by a person independent of the person who has custody and performs record keeping duties for inventory.

Response – We will institute operating procedures to have inventory performed by someone other than the Pool Manager.

Conclusion – Response accepted.

II-D-10 Segregation of Duties for Separately Maintained Records – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

For the component units of the City (i.e. the Friends of the Carlisle Library and the Carlisle Volunteer Fire Department), the responsibilities for collection, deposit

City of Carlisle
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

preparation, cash disbursement and bank reconciliation functions are not properly segregated. These duties are handled by one individual for each component unit. Additionally, there is no independent review of these duties.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, the Friends of the Carlisle Library and the Carlisle Volunteer Fire Department should review their operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The operating procedures for the Friends of the Carlisle Library, Fireman’s Auxiliary and the Fireman’s Enterprise will be reviewed.

Conclusion – Response accepted.

II-E-10 Lack of Written Policies and Procedures – The City currently does not have written policies for City provided credit cards and store lines of credit.

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

Recommendation – The city should develop written policies and procedures for City provided credit cards and store lines of credit. Also, the City should include the above noted items in its written disaster recovery plan.

Response – The City will develop a written policy for credit cards and store lines of credit. Also, the disaster recovery plan will be written to include the above noted items.

Conclusion – Response accepted.

II-F-10 Financial Reporting – During the audit, we identified material receipts coded incorrectly in the financial statements. We also identified a material amount of transfers incorrectly coded as adjustments to revenue. Adjustments were subsequently made by the City to properly record these amounts in the financial statements.

Recommendation – The City should properly record all receipts and transfers.

Response – There were two entries coded incorrectly. Traditionally, they are coded as “transfers in or out” and they were inadvertently coded as adjustments to income. We will strive to do all transactions correctly.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Carlisle
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 10.760: Water and Waste Disposal Systems for Rural Communities
Federal Award Year: 2010
U.S. Department of Agriculture**

III-A-10 Cash Management – OMB Circular A-133 requires a review of the City's reimbursement method to evaluate for adequacy. The City has not completed required paperwork in order to be reimbursed for qualified expenditures.

Recommendation – The City should prepare and submit required paperwork in a timely manner in order to receive reimbursement for eligible costs incurred.

Response – The paper work will be completed and filed as soon as possible.

Conclusion – Response accepted.

III-B-10 Procurement and Suspension and Debarment – OMB Circular A-133 requires the City to perform a verification check for covered transactions by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity or adding a clause or condition to the covered transaction with the entity. The City did not perform verification checks. Additionally, the City did not determine contracts were not awarded to suspended or debarred parties.

Recommendation – The City should perform a verification check for covered transactions by checking the Excluded Parties List System. The City should also determine if contracts were awarded to suspended or debarred parties.

Response – In the future, the Excluded Parties List System will be checked for entities for covered transactions.

Conclusion – Response accepted.

City of Carlisle
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted.

IV-B-10 Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

Paid to	Purpose	Amount
Cardmember Service	Credit card late fees	\$ 35
Carlisle Foods	Family picnic	462
Carlisle Foods	Installation of Officers dinner	372
Four Seasons Floral	Flowers for funeral	32
Lovejoy’s Cake Shoppe	Cakes – Police	92

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper documentation.

Response – We currently have a resolution declaring disbursements for employee recognition to be a public purpose. We strive to pay all expenses before late fees and will continue this in the future.

Conclusion – Response accepted.

IV-C-10 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-10 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Drew Merrifield, Council Member, member of the Volunteer Fire Department	Fire report processing	\$ 2,428

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Council Member Merrifield appear to represent a conflict of interest since the total was greater than \$1,500 during the fiscal year.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

City of Carlisle
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

Response – We are currently in the process of reassigning this task which will eliminate this problem.

Conclusion – Response acknowledged. However, the City should also consult legal counsel.

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

IV-F-10 Council Minutes – Except as noted, no transactions were found that we believe should have been approved in the Council minutes but were not.

Although minutes of Council proceedings were published, certain minutes were not published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Also, the City publishes a monthly summary of disbursements from each fund, a listing of claims allowed and a summary of receipts, but these items were not published timely.

Recommendation – The City should publish minutes as required by Chapter 372.13(6) of the Code of Iowa as well as publish the summary of disbursements from each fund, the listing of claims allowed and a summary of receipts in a timely manner.

Response – We will continue to strive to get these published promptly. The current short deadline for getting these publications to the paper is sometimes difficult to comply with.

Conclusion – Response accepted.

IV-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-10 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

IV-I-10 Financial Condition – The City did not certify its tax increment financing debt in December 2009 so it will not receive any tax increment financing collections in fiscal year 2011 to pay the amount owed in June 2011 in accordance with the developer agreement.

Additionally, Council did not approve debt payments in December of 2009 per the annual appropriation clause.

Recommendation – The City should certify its tax increment financing debt certificate with the County by the due date to receive TIF funds to make payments in accordance with the developer agreement. The City should also ensure all debt payments are approved by Council.

Response – This was overlooked as we thought the filing date was in the 2010-11 fiscal year. We will get this year's filed timely and also file for last year's TIF.

Conclusion – Response accepted.

City of Carlisle
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

IV-J-10 Annual Financial Report – The City’s Annual Financial Report was not published by December 1 as required by Chapter 384.22 of the Code of Iowa.

Recommendation – The City should ensure the Annual Financial Report is published by the required date of December 1.

Response – This report will be filed by December 1 this year and all future years.

Conclusion – Response accepted.

IV-K-10 Financial Condition – The Enterprise, Sewer Fund had a deficit balance of \$294,696 at June 30, 2010.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial condition.

Response – We will file for the reimbursements in a timely manner.

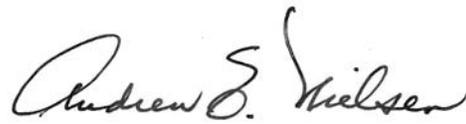
Conclusion – Response accepted.

City of Carlisle

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Selina V. Johnson, CPA, Senior Auditor II
Jenny M. Podrebarac, Staff Auditor
Lara K. Van Wyk, Assistant Auditor
Laura E. Grinnell, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State