



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

October 17, 2003

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 \$4,256,181 for the year ended June 30, 2003, a 10 percent increase from 2002. The receipts included \$992,648 in property tax, \$19,001 in tax increment financing collections, \$321,820 from the state and interest on investments of \$89,133.

Disbursements for the year totaled \$4,113,599, an 18 percent decrease from the prior year, and included \$2,068,019 for business type activities, \$530,542 for public safety, and \$415,834 for public works. The significant decrease in disbursements is due primarily to the substantial completion of the Highway 5 project and the Trailhead and park land acquisition capital projects in the prior fiscal year.

A copy of the audit report is available for review in the Office of Auditor of State and the City Clerk's office.

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CITY OF CARLISLE
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2003

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City of Carlisle

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Woodruff	Mayor	Jan 2006
Chris Coco	Mayor Pro tem	Resigned
Ruth Randleman (Appointed)	Mayor Pro tem	Nov 2003
Sidney Tyler	Council Member	Resigned
Michael W. Kephart	Council Member	Jan 2004
Frank Schultz	Council Member	Jan 2004
Patricia Stump	Council Member	Jan 2006
Allen Wiese (Appointed)	Council Member	Nov 2005
Neil Ruddy	Administrator/Clerk	Indefinite
Patricia M. Brehse	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, listed as exhibits in the table of contents of this report, of the City of Carlisle, Iowa, as of and for the year ended June 30, 2003. These financial statements are the responsibility of the City of Carlisle's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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 that our audit provides a reasonable basis for our opinion.

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.

As discussed in Note 10, the City of Carlisle intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the City's financial statements and related notes in the year of implementation. The revised requirements will include an analytical overview of the City's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Carlisle as of and for the year ended June 30, 2003, and its indebtedness at June 30, 2003, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2003 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 and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

July 31, 2003

Financial Statements

City of Carlisle
 Combined Statement of Cash Transactions
 All Fund Types
 Year ended June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Receipts:				
Property tax	\$ 672,297	63,327	257,024	-
Tax increment financing collections	-	19,001	-	-
Other city tax	9,073	860	3,456	-
Licenses and permits	51,173	-	-	-
Use of money and property	31,870	111	5,612	7,658
Intergovernmental	93,708	284,702	-	-
Charges for service	211,970	-	-	-
Special assessments	-	-	30,605	9,764
Miscellaneous	36,106	11,109	-	-
	<u>1,106,197</u>	<u>379,110</u>	<u>296,697</u>	<u>17,422</u>
Disbursements:				
Public safety	525,127	5,415	-	-
Public works	160,640	255,194	-	-
Health and social services	1,224	-	-	-
Culture and recreation	221,434	5,456	-	-
Community and economic development	4,703	17,964	-	-
General government	129,550	-	-	-
Debt service	-	-	303,553	-
Capital projects	-	-	-	396,976
Business type activities	-	-	-	-
Total disbursements	<u>1,042,678</u>	<u>284,029</u>	<u>303,553</u>	<u>396,976</u>
Excess (deficiency) of receipts over (under) disbursements	<u>63,519</u>	<u>95,081</u>	<u>(6,856)</u>	<u>(379,554)</u>

Proprietary Fund Types		Fiduciary	Total
Enterprise	Internal Service	Fund Type Trust	(Memorandum Only)
-	-	-	992,648
-	-	-	19,001
-	-	-	13,389
-	-	-	51,173
53,095	816	1,802	100,964
-	-	-	378,410
2,189,144	14,994	-	2,416,108
-	-	-	40,369
140,029	-	56,875	244,119
2,382,268	15,810	58,677	4,256,181
-	-	-	530,542
-	-	-	415,834
-	-	-	1,224
-	-	11,803	238,693
-	-	-	22,667
-	-	-	129,550
-	-	-	303,553
-	-	-	396,976
2,068,019	6,541	-	2,074,560
2,068,019	6,541	11,803	4,113,599
314,249	9,269	46,874	142,582

City of Carlisle
 Combined Statement of Cash Transactions
 All Fund Types
 Year ended June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Other financing sources (uses):				
Sale of general fixed assets	4,127	-	-	-
Operating transfers in	64,187	-	13,272	131,000
Operating transfers out	(131,000)	(64,187)	-	-
Total other financing sources (uses)	(62,686)	(64,187)	13,272	131,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	833	30,894	6,416	(248,554)
Balance beginning of year	455,092	238,382	112,476	277,785
Balance end of year	\$ 455,925	269,276	118,892	29,231

See notes to financial statements.

Proprietary Fund Types		Fiduciary	Total
Enterprise	Internal Service	Fund Type Trust	(Memorandum Only)
-	-	-	4,127
247,668	-	-	456,127
(260,940)	-	-	(456,127)
(13,272)	-	-	4,127
300,977	9,269	46,874	146,709
1,641,091	25,910	79,430	2,830,166
1,942,068	35,179	126,304	2,976,875

City of Carlisle

Comparison of Receipts, Disbursements and Changes in Balances -

Actual to Budget

Year ended June 30, 2003

	Actual	Less Funds Not Required to be Budgeted	Net
Receipts:			
Property tax	\$ 992,648	-	992,648
Tax increment financing collections	19,001	-	19,001
Other city tax	13,389	-	13,389
Licenses and permits	51,173	-	51,173
Use of money and property	100,964	816	100,148
Intergovernmental	378,410	-	378,410
Charges for service	2,416,108	14,994	2,401,114
Special assessments	40,369	-	40,369
Miscellaneous	244,119	4,625	239,494
Total receipts	<u>4,256,181</u>	<u>20,435</u>	<u>4,235,746</u>
Disbursements:			
Public safety	530,542	-	530,542
Public works	415,834	-	415,834
Health and social services	1,224	-	1,224
Culture and recreation	238,693	-	238,693
Community and economic development	22,667	-	22,667
General government	129,550	-	129,550
Debt service	303,553	-	303,553
Capital projects	396,976	-	396,976
Business type activities	2,074,560	6,541	2,068,019
Total disbursements	<u>4,113,599</u>	<u>6,541</u>	<u>4,107,058</u>
Excess (deficiency) of receipts over (under) disbursements	142,582	13,894	128,688
Other financing sources, net	4,127	-	4,127
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	146,709	13,894	132,815
Balance beginning of year	<u>2,830,166</u>	<u>49,756</u>	<u>2,780,410</u>
Balance end of year	<u>\$ 2,976,875</u>	<u>63,650</u>	<u>2,913,225</u>

See notes to financial statements.

Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
1,002,277	(9,629)	99%
18,760	241	101%
14,325	(936)	93%
16,200	34,973	316%
78,150	21,998	129%
349,980	28,430	108%
2,368,523	32,591	102%
23,000	17,369	176%
44,429	195,065	549%
<u>3,915,644</u>	<u>320,102</u>	<u>109%</u>
588,374	57,832	90%
271,191	(144,643)	153%
2,500	1,276	49%
250,288	11,595	95%
23,918	1,251	95%
134,439	4,889	96%
303,503	(50)	100%
985,035	588,059	40%
2,276,766	208,747	91%
<u>4,836,014</u>	<u>728,956</u>	<u>85%</u>
(920,370)		
<u>133,623</u>		
(786,747)		
<u>3,196,043</u>		
<u><u>2,409,296</u></u>		

City of Carlisle
Statement of Indebtedness
Year ended June 30, 2003

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Essential corporate purpose	Dec 1, 1998	4.150-4.700%	\$ 890,000
Essential corporate purpose	Oct 1, 1999	4.400-5.100	430,000
General and essential corporate purpose	Jul 1, 2001	3.800-4.800	535,000
Total			
General obligation capital loan notes:			
General and essential corporate purpose	Apr 1, 1995	4.900-5.900%	\$ 645,000
Anticipation project	Aug 22, 2001	4.125	277,000
Total			
Revenue capital loan notes:			
Sewer	Oct 15, 1993	4.864%	\$ 1,048,000
Sewer	Oct 15, 1993	4.370	535,000
Total			
Revenue bonds:			
Electric	Dec 1, 1998	4.00-4.45%	\$ 610,000

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
805,000	-	60,000	745,000	35,000
325,000	-	45,000	280,000	15,940
450,000	-	40,000	410,000	19,598
\$ 1,580,000	-	145,000	1,435,000	70,538
485,000	-	60,000	425,000	26,815
277,000	-	-	277,000	11,803
\$ 762,000	-	60,000	702,000	38,618
740,000	-	47,000	693,000	35,993
317,000	-	21,000	296,000	13,853
\$ 1,057,000	-	68,000	989,000	49,846
405,000	-	70,000	335,000	17,373

City of Carlisle

Notes to Financial Statements

June 30, 2003

(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, culture and recreation, community and economic development, general government and business type activities.

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, discussed below, are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

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 included as Special Revenue 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 Joint E911 Service Board and Warren County Emergency Management Commission.

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. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and fund balances. The various funds and their designated purposes are as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are 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 that are not paid through other funds.

Special Revenue Funds – The Special Revenue Funds are utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

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

Proprietary Funds

Enterprise Funds – The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

Internal Service Fund – The Internal Service Fund is utilized to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Trust Funds – The Trust Funds are used to account for monies and properties received and held by the City in a trustee capacity. These include the Expendable Trust Fund and the Non-expendable Trust Fund.

C. Basis of Accounting

The City of Carlisle 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.

D. Budgets and Budgetary Accounting

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 non-expendable trust and internal service funds. 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 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.

E. Total (Memorandum Only)

The total column on the combined statement of cash transactions is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Deposits

The City's deposits in banks at June 30, 2003 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.

(3) Bonds and Notes Payable

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

Year Ending June 30,	General		General Obligation		Revenue Notes	
	Obligation Bonds		Capital Loan Notes			
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 150,000	64,372	337,000	23,695	72,000	46,643
2005	155,000	57,945	60,000	20,545	74,000	43,250
2006	150,000	51,242	60,000	17,365	77,000	39,758
2007	160,000	44,680	60,000	14,095	81,000	36,127
2008	160,000	37,540	60,000	10,735	86,000	32,306
2009	170,000	30,335	60,000	7,315	89,000	28,249
2010	130,000	22,535	65,000	3,835	93,000	24,055
2011	135,000	16,715	-	-	97,000	19,671
2012	135,000	10,540	-	-	102,000	15,095
2013	90,000	4,230	-	-	107,000	10,282
2014	-	-	-	-	111,000	5,236
Total	\$ 1,435,000	340,134	702,000	97,585	989,000	300,672

Year Ending June 30,	Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2004	\$ 65,000	14,468	624,000	149,178
2005	60,000	11,737	349,000	133,477
2006	55,000	9,187	342,000	117,552
2007	50,000	6,823	351,000	101,725
2008	50,000	4,648	356,000	85,229
2009	55,000	2,447	374,000	68,346
2010	-	-	288,000	50,425
2011	-	-	232,000	36,386
2012	-	-	237,000	25,635
2013	-	-	197,000	14,512
2014	-	-	111,000	5,236
Total	\$ 335,000	49,310	3,461,000	787,701

On June 16, 2003, the City entered into an extension agreement with Great Western Bank to extend the maturity date of the general obligation capital loan anticipation project note of \$277,000 from June 1, 2003 to December 2, 2003.

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

- (1) The notes and bonds will only be redeemed from the future earnings of the enterprise activity and the note/bond holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate sewer and electric revenue sinking accounts for the purpose of making the note and bond principal and interest payments when due.
- (3) Additional monthly transfers shall be made to separate sewer and electric reserve accounts until a specific minimum balance has been accumulated. These accounts are restricted for the purpose of paying note and bond principal and interest payments when insufficient money is available in the sinking accounts.
- (4) Additional monthly transfers of \$500 to a sewer improvement account and \$200 to an electric improvement account shall be made until respective balances of \$20,000 and \$60,000 have been accumulated. These accounts are restricted for the purpose of paying note and bond principal and interest payments when insufficient money is available in the sinking and reserve accounts and to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget and for capital improvements to the system.
- (5) Sewer user rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

(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.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual payroll except for police employees, in which case the percentages are 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$52,451, \$53,328, and \$48,647, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave, and compensatory hours for subsequent use or for payment upon termination, retirement or death. However, 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 payments payable to employees at June 30, 2003, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 42,100
Compensatory time	<u>48,800</u>
Total	<u>\$ 90,900</u>

This liability has been computed based on rates of pay in effect at June 30, 2003.

(6) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2003, disbursements in the public works and debt service functions exceeded the amounts budgeted.

(7) Risk Management

The City of Carlisle 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.

(8) 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. The plan is funded by City contributions and is administered through a service agreement with Self Funded Services Company (SFSCO).

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 employees' 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 expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to SFSCO. The City's contribution to the fund for the year ended June 30, 2003 was \$14,994.

(9) Deficit Fund Balances

The Capital Projects Funds, South 5th Street Paving, REAP Wetlands, Park Land Acquisition, First Street Bridge, and Park Land Acquisition Randleman, had deficit balances of \$7,276, \$8,518, \$15,011, \$169, and \$9,034, respectively, at June 30, 2003. The deficit balances were a result of project costs incurred prior to availability of funds. The deficits will be eliminated upon receipt of special assessments and grant proceeds.

(10) Development and Rebate Agreement

The City entered into a development and rebate agreement during the year ended June 30, 2001 to assist in an urban renewal project. The City agreed to rebate incremental taxes paid by the developer in exchange for infrastructure improvements with an estimated taxable value of \$495,300 constructed by the developer as set forth in the urban renewal plan. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the developer will be rebated for a period of five years beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The total amount that will be rebated over the five year period under the development and rebate agreement is as follows:

First year (value January, 2001 for taxes payable 2002-03): paid on the taxable value of the new improvements	100% of the taxes
Second year (value January, 2002 for taxes payable 2003-04): paid on the taxable value of the new improvements	90% of the taxes
Third year (value January, 2003 for taxes payable 2004-05): paid on the taxable value of the new improvements	80% of the taxes
Fourth year (value January, 2004 for taxes payable 2005-06): paid on the taxable value of the new improvements	70% of the taxes
Fifth year (value January, 2005 for taxes payable 2006-07): Paid on the taxable value of the new improvements	60% of the taxes

During the year ended June 30, 2003, the City rebated \$17,964 of incremental taxes to the developer. No bonds or notes were issued for this construction project.

(11) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2004. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised minimum reporting requirements include Management’s Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the City’s financial activities.

Supplemental Information

City of Carlisle

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

	Tax			Total
	General	Cemetery	Abatements	
Receipts:				
Property tax	\$ 672,297	-	-	672,297
Other city tax:				
Mobile home tax	4,687	-	-	4,687
Utility tax replacement excise tax	4,386	-	-	4,386
	9,073	-	-	9,073
Licenses and permits	51,173	-	-	51,173
Use of money and property:				
Interest on investments	20,039	-	-	20,039
Rent	11,831	-	-	11,831
	31,870	-	-	31,870
Intergovernmental:				
State allocation	37,118	-	-	37,118
County library	14,061	-	-	14,061
Fire contracts	10,117	-	-	10,117
Ambulance agreements	7,500	-	-	7,500
Public safety and community policing grant	20,282	-	-	20,282
Miscellaneous	4,630	-	-	4,630
	93,708	-	-	93,708
Charges for service:				
Solid waste fees	155,767	-	-	155,767
Library fees	849	-	-	849
Ambulance	40,537	-	-	40,537
Cemetery	-	13,875	-	13,875
Animal control	667	-	-	667
Miscellaneous	275	-	-	275
	198,095	13,875	-	211,970
Miscellaneous:				
Fines and fees	19,648	-	-	19,648
Refunds and reimbursements	12,912	-	-	12,912
Sale of commodities	2,435	-	-	2,435
Contributions	1,111	-	-	1,111
	36,106	-	-	36,106
Total receipts	1,092,322	13,875	-	1,106,197

Schedule 1

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

	General	Cemetery	Tax Abatements	Total
Disbursements:				
Public safety:				
Police:				
Personal services	309,941	-	-	309,941
Services and commodities	92,578	-	-	92,578
Capital outlay	582	-	-	582
	403,101	-	-	403,101
Fire department:				
Personal services	24,577	-	-	24,577
Services and commodities	54,669	-	-	54,669
Capital outlay	492	-	-	492
	79,738	-	-	79,738
Ambulance:				
Personal services	8,529	-	-	8,529
Services and commodities	29,808	-	-	29,808
Capital outlay	229	-	-	229
	38,566	-	-	38,566
Animal control	3,722	-	-	3,722
	525,127	-	-	525,127
Public works:				
Street lighting	13,585	-	-	13,585
Solid waste	147,055	-	-	147,055
	160,640	-	-	160,640
Health and social services:				
Mosquito control:				
Services and commodities	1,224	-	-	1,224
Culture and recreation:				
Library:				
Personal services	67,887	-	-	67,887
Services and commodities	14,427	-	-	14,427
Capital outlay	12,544	-	-	12,544
	94,858	-	-	94,858

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

	General	Cemetery	Tax Abatements	Total
Disbursements (continued):				
Culture and recreation:				
Parks:				
Personal services	48,232	-	-	48,232
Services and commodities	43,682	-	13,117	56,799
Capital outlay	5,060	-	-	5,060
	<u>96,974</u>	<u>-</u>	<u>13,117</u>	<u>110,091</u>
Cemetery:				
Contractual services	-	480	-	480
Community building:				
Personal services	814	-	-	814
Services and commodities	11,806	-	-	11,806
Capital outlay	300	-	-	300
	<u>12,920</u>	<u>-</u>	<u>-</u>	<u>12,920</u>
Recreation center:				
Services and commodities	3,085	-	-	3,085
	<u>207,837</u>	<u>480</u>	<u>13,117</u>	<u>221,434</u>
Community and economic development:				
Economic development:				
Contractual services	3,108	-	-	3,108
Community beautification:				
Contractual services	1,595	-	-	1,595
	<u>4,703</u>	<u>-</u>	<u>-</u>	<u>4,703</u>
General government:				
Mayor and council members:				
Personal services	8,499	-	-	8,499
Legal services:				
Services and commodities	11,755	-	-	11,755
City hall and general buildings:				
Personal services	30,302	-	-	30,302
Services and commodities	77,047	-	-	77,047
Capital outlay	1,947	-	-	1,947
	<u>109,296</u>	<u>-</u>	<u>-</u>	<u>109,296</u>
	<u>129,550</u>	<u>-</u>	<u>-</u>	<u>129,550</u>
Total disbursements	<u>1,029,081</u>	<u>480</u>	<u>13,117</u>	<u>1,042,678</u>
Excess (deficiency) of receipts over (under) disbursements	<u>63,241</u>	<u>13,395</u>	<u>(13,117)</u>	<u>63,519</u>

Schedule 1

City of Carlisle
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

	General	Cemetery	Tax Abatements	Total
Other financing sources (uses):				
Sale of general fixed assets	4,127	-	-	4,127
Operating transfers in (out):				
Special Revenue:				
Employee Benefits	64,187	-	-	64,187
Capital Projects:				
Aquatic Center	(131,000)	-	-	(131,000)
Total other financing sources (uses)	(62,686)	-	-	(62,686)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	555	13,395	(13,117)	833
Balance beginning of year	432,755	2,874	19,463	455,092
Balance end of year	\$ 433,310	16,269	6,346	455,925

See accompanying independent auditor's report.

City of Carlisle

Schedule 2

City of Carlisle
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2003

	Road Use Tax	Employee Benefits	Urban Renewal Tax Increment	Friends of the Library	Carlisle Volunteer Fire Department	Total
Receipts:						
Property tax	\$ -	63,327	-	-	-	63,327
Tax increment financing collections	-	-	19,001	-	-	19,001
Other city tax:						
Mobile home tax	-	405	-	-	-	405
Utility tax replacement excise tax	-	455	-	-	-	455
	-	860	-	-	-	860
Use of money and property:						
Interest on investments	-	-	-	58	53	111
Intergovernmental:						
Road use tax allocation	284,702	-	-	-	-	284,702
Miscellaneous:						
Donations	-	-	-	1,877	5,879	7,756
Fund raisers	-	-	-	679	-	679
Refunds and reimbursements	808	-	-	-	418	1,226
Miscellaneous	-	-	-	1,337	111	1,448
	808	-	-	3,893	6,408	11,109
Total receipts	285,510	64,187	19,001	3,951	6,461	379,110
Disbursements:						
Public safety:						
Fire department:						
Services and commodities	-	-	-	-	5,415	5,415
Public works:						
Roads, bridges and sidewalks:						
Personal services	103,533	-	-	-	-	103,533
Services and commodities	151,425	-	-	-	-	151,425
Capital outlay	236	-	-	-	-	236
	255,194	-	-	-	-	255,194
Culture and recreation:						
Library:						
Services and commodities:	-	-	-	5,456	-	5,456
Community and economic development:						
Economic development:						
Services and commodities	-	-	17,964	-	-	17,964
Total disbursements	255,194	-	17,964	5,456	5,415	284,029

City of Carlisle
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2003

	Road Use Tax	Employee Benefits	Urban Renewal Tax Increment	Friends of the Library	Carlisle Volunteer Fire Department	Total
Excess (deficiency) of receipts over (under) disbursements	30,316	64,187	1,037	(1,505)	1,046	95,081
Other financing uses:						
Operating transfers out:						
General:						
General	-	(64,187)	-	-	-	(64,187)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	30,316	-	1,037	(1,505)	1,046	30,894
Balance beginning of year	220,527	-	-	10,101	7,754	238,382
Balance end of year	\$ 250,843	-	1,037	8,596	8,800	269,276

See accompanying independent auditor's report.

Schedule 3

City of Carlisle
Schedule of Cash Transactions
Debt Service Fund
Year ended June 30, 2003

Receipts:	
Property tax	\$ 257,024
Other city tax:	
Mobile home tax	1,782
Utility tax replacement excise tax	1,674
	<u>3,456</u>
Use of money and property:	
Interest on investments	<u>5,612</u>
Special assessments	<u>30,605</u>
Total receipts	<u>296,697</u>
Disbursements:	
Debt service:	
Principal redeemed	205,000
Interest paid	97,353
Miscellaneous	1,200
Total disbursements	<u>303,553</u>
Deficiency of receipts under disbursements	(6,856)
Other financing sources:	
Operating transfers in:	
Enterprise:	
Electric	<u>13,272</u>
Excess of receipts and other financing sources over disbursements	6,416
Balance beginning of year	<u>112,476</u>
Balance end of year	<u>\$ 118,892</u>

See accompanying independent auditor's report.

City of Carlisle

City of Carlisle
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2003

	South 5th Street Paving	Highway 5 Project	REAP Wetlands
Receipts:			
Use of money and property:			
Interest on investments	\$ -	2,023	-
Special assessments	9,764	-	-
Total receipts	<u>9,764</u>	<u>2,023</u>	<u>-</u>
Disbursements:			
Capital projects:			
Services and commodities	-	-	-
Excess (deficiency) of receipts over (under) disbursements	<u>9,764</u>	<u>2,023</u>	<u>-</u>
Other financing sources (uses):			
Operating transfers in (out):			
General:			
General	-	-	-
Capital Projects:			
First Street Bridge	-	(133,623)	-
Highway 5 Project	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(133,623)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	9,764	(131,600)	-
Balance beginning of year	<u>(17,040)</u>	<u>131,600</u>	<u>(8,518)</u>
Balance end of year	<u>\$ (7,276)</u>	<u>-</u>	<u>(8,518)</u>

See accompanying independent auditor's report.

Trailhead Project	Park Land Acquisition	First Street Bridge	Aquatic Center	Park Land Acquisition Randleman	Total
2,145	-	3,372	118	-	7,658
-	-	-	-	-	9,764
2,145	-	3,372	118	-	17,422
23,475	15,011	234,791	114,665	9,034	396,976
(21,330)	(15,011)	(231,419)	(114,547)	(9,034)	(379,554)
-	-	-	131,000	-	131,000
-	-	-	-	-	(133,623)
-	-	133,623	-	-	133,623
-	-	133,623	131,000	-	131,000
(21,330)	(15,011)	(97,796)	16,453	(9,034)	(248,554)
74,116	-	97,627	-	-	277,785
52,786	(15,011)	(169)	16,453	(9,034)	29,231

City of Carlisle
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2003

	Water	Water Revenue Sinking	Water Improve- ment	Sewer Rental
Receipts:				
Use of money and property:				
Interest on investments	\$ 11,401	-	-	25,670
Charges for service:				
Sale of water	470,177	-	-	-
Sewer rental fees	-	-	-	406,011
Electric sales	-	-	-	-
	470,177	-	-	406,011
Miscellaneous:				
Sales tax collected	22,712	-	-	2,369
Customer deposits	-	-	-	-
Tower agreement	21,600	-	-	-
Miscellaneous	4,544	-	-	2,300
	48,856	-	-	4,669
Total receipts	530,434	-	-	436,350
Disbursements:				
Business type activities:				
Personal services	119,935	-	-	119,637
Services and commodities	190,404	-	-	80,842
Purchased power	1,110	-	-	2,460
Capital outlay	-	-	-	-
Debt service:				
Principal redeemed	-	-	-	-
Interest paid	-	-	-	-
Miscellaneous	-	-	-	-
Total disbursements	311,449	-	-	202,939
Excess (deficiency) of receipts over (under) disbursements	218,985	-	-	233,411
Other financing sources (uses):				
Operating transfers in (out):				
Debt Service	-	-	-	-
Enterprise:				
Sewer Rental	-	-	-	-
Sewer Revenue Sinking	-	-	-	(118,380)
Sewer Reserve	-	-	-	(29,604)
Electric	-	-	-	-
Electric Sinking	-	-	-	-
Electric Improvement	-	-	-	-
Total other financing sources (uses)	-	-	-	(147,984)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	218,985	-	-	85,427
Balance beginning of year	248,595	8,112	60,494	424,328
Balance end of year	\$ 467,580	8,112	60,494	509,755

See accompanying independent auditor's report.

Sewer Revenue Sinking	Sewer Improvement	Sewer Reserve	Electric	Electric Sinking	Electric Improvement	Electric Reserve	Meter Deposits	Total
-	-	-	14,838	-	-	-	1,186	53,095
-	-	-	-	-	-	-	-	470,177
-	-	-	-	-	-	-	-	406,011
-	-	-	1,312,956	-	-	-	-	1,312,956
-	-	-	1,312,956	-	-	-	-	2,189,144
-	-	-	43,908	-	-	-	-	68,989
-	-	-	-	-	-	-	8,690	8,690
-	-	-	-	-	-	-	-	21,600
-	-	-	30,437	-	-	-	3,469	40,750
-	-	-	74,345	-	-	-	12,159	140,029
-	-	-	1,402,139	-	-	-	13,345	2,382,268
-	-	-	347,978	-	-	-	-	587,550
-	-	-	182,688	-	-	-	9,113	463,047
-	-	-	697,823	-	-	-	-	701,393
-	-	-	109,981	-	-	-	-	109,981
68,000	-	-	-	70,000	-	-	-	138,000
49,846	-	-	-	17,373	-	-	-	67,219
529	-	-	-	300	-	-	-	829
118,375	-	-	1,338,470	87,673	-	-	9,113	2,068,019
(118,375)	-	-	63,669	(87,673)	-	-	4,232	314,249
-	-	-	(13,272)	-	-	-	-	(13,272)
118,380	-	29,604	-	-	-	-	-	147,984
-	-	-	-	-	-	-	-	(118,380)
-	-	-	-	-	-	-	-	(29,604)
-	-	-	-	87,684	12,000	-	-	99,684
-	-	-	(87,684)	-	-	-	-	(87,684)
-	-	-	(12,000)	-	-	-	-	(12,000)
118,380	-	29,604	(112,956)	87,684	12,000	-	-	(13,272)
5	-	29,604	(49,287)	11	12,000	-	4,232	300,977
118,576	24,000	247,004	326,356	7,490	81,732	61,000	33,404	1,641,091
118,581	24,000	276,608	277,069	7,501	93,732	61,000	37,636	1,942,068

Schedule 6

City of Carlisle
Combining Schedule of Cash Transactions
Internal Service Fund
Year ended June 30, 2003

	<u>Self Funded Insurance</u>
Receipts:	
Use of money and property:	
Interest on investments	\$ 816
Charges for service:	
Reimbursements from operating funds	<u>14,994</u>
Total receipts	<u>15,810</u>
Disbursements:	
Business type activities:	
Contractual services	<u>6,541</u>
Excess of receipts over disbursements	9,269
Balance beginning of year	<u>25,910</u>
Balance end of year	<u><u>\$ 35,179</u></u>

See accompanying independent auditor's report.

City of Carlisle
Combining Schedule of Cash Transactions
Trust Funds
Year ended June 30, 2003

	Non- Expendable Trust Cemetery Perpetual Care	Expendable Trust Gifts and Bequests	Total
Receipts:			
Use of money and property:			
Interest on investments	\$ -	1,802	1,802
Miscellaneous:			
Perpetual care payments	4,625	-	4,625
Tower agreement	-	8,400	8,400
Donations	-	43,850	43,850
Total receipts	4,625	52,250	56,875
Disbursements:			
Culture and recreation:			
Aquatic center:			
Debt service:			
Interest paid	-	11,803	11,803
Excess of receipts over disbursements	4,625	42,249	46,874
Balance beginning of year	23,846	55,584	79,430
Balance end of year	\$ 28,471	97,833	126,304

See accompanying independent auditor's report.

City of Carlisle
 Bond and Note Maturities
 June 30, 2003

Year Ending June 30,	General Obligation Bonds						Total	General Capital Loan	
	Issued Dec 1, 1998		Issued Oct 1, 1999		Issued Jul 1, 2001			Issued Apr 1, 1995	
	Interest		Interest		Interest			Interest	
	Rates	Amount	Rates	Amount	Rates	Amount		Rates	Amount
2004	4.15%	\$ 60,000	4.75%	\$ 45,000	4.00%	\$ 45,000	\$ 150,000	5.25%	\$ 60,000
2005	4.15	65,000	4.80	45,000	4.10	45,000	155,000	5.30	60,000
2006	4.15	65,000	4.90	45,000	4.15	40,000	150,000	5.45	60,000
2007	4.20	70,000	5.00	50,000	4.25	40,000	160,000	5.60	60,000
2008	4.25	70,000	5.05	45,000	4.35	45,000	160,000	5.70	60,000
2009	4.30	75,000	5.10	50,000	4.50	45,000	170,000	5.80	60,000
2010	4.40	80,000		-	4.60	50,000	130,000	5.90	65,000
2011	4.50	85,000		-	4.70	50,000	135,000		-
2012	4.60	85,000		-	4.80	50,000	135,000		-
2013	4.70	90,000		-		-	90,000		-
2014		-		-		-	-		-
Total		<u>\$ 745,000</u>		<u>\$ 280,000</u>		<u>\$ 410,000</u>	<u>\$ 1,435,000</u>		<u>\$ 425,000</u>

See accompanying independent auditor's report.

Obligation		Revenue							
Notes		Capital Loan Notes						Electric Revenue Bonds	
Issued Aug 22, 2001		Issued Oct 15, 1993		Issued Oct 15, 1993		Issued Dec 1, 1998			
Interest		Interest		Interest		Interest		Interest	
Rates	Amount	Total	Rates	Amount	Rates	Amount	Total	Rates	Amount
4.125%	\$ 277,000	\$ 337,000	4.864%	\$ 50,000	4.370%	\$ 22,000	\$ 72,000	4.200%	\$ 65,000
-	-	60,000	4.864	52,000	4.370	22,000	74,000	4.250	60,000
-	-	60,000	4.864	54,000	4.370	23,000	77,000	4.300	55,000
-	-	60,000	4.864	57,000	4.370	24,000	81,000	4.350	50,000
-	-	60,000	4.864	60,000	4.370	26,000	86,000	4.400	50,000
-	-	60,000	4.864	62,000	4.370	27,000	89,000	4.450	55,000
-	-	65,000	4.864	65,000	4.370	28,000	93,000		-
-	-	-	4.864	68,000	4.370	29,000	97,000		-
-	-	-	4.864	72,000	4.370	30,000	102,000		-
-	-	-	4.864	75,000	4.370	32,000	107,000		-
-	-	-	4.864	78,000	4.370	33,000	111,000		-
	<u>\$ 277,000</u>	<u>\$ 702,000</u>		<u>\$ 693,000</u>		<u>\$ 296,000</u>	<u>\$ 989,000</u>		<u>\$ 335,000</u>

Schedule 9

City of Carlisle

Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2003	2002	2001	2000
Property tax	\$ 992,648	955,059	827,154	803,950
Tax increment financing collections	19,001	-	-	-
Other city tax:				
Mobile home tax	6,874	8,107	7,049	6,814
Utility tax replacement excise tax	6,515	6,331	5,650	-
	13,389	14,438	12,699	6,814
Intergovernmental:				
Road use tax allocation	284,702	280,102	264,849	262,893
State allocation	37,118	39,143	39,756	39,874
Grants	29,027	17,480	31,134	6,460
Miscellaneous	27,563	51,161	50,973	50,053
	378,410	387,886	386,712	359,280
Total	\$ 1,403,448	1,357,383	1,226,565	1,170,044

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Auditor of State

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Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Carlisle, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated July 31, 2003. Our report expressed an unqualified opinion 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, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2003 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. Prior year statutory comments have been resolved except for items (2) and (7).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Carlisle's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Carlisle's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described in the accompanying Schedule of Findings are material weaknesses. The prior year reportable conditions have not been resolved and are repeated as items (A) and (B).

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. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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

July 31, 2003

City of Carlisle

Schedule of Findings

Year ended June 30, 2003

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Information Technology Systems – The following weaknesses in the City’s computer based systems were noted:

The City does not have written policies for:

- requiring password changes because software does not require the user to change log-ins/passwords periodically.
- usage of the internet.

Also, the City does not have a written disaster recovery plan.

Recommendation – The City should develop written policies addressing the above items in order to improve the City’s control over computer based systems. Also, a written disaster recovery plan should be developed and kept off site.

Response – The City is in the process of developing an Electronic Data Processing (EDP) Systems Policy including both use of the internet and log-ins and password for the City of Carlisle that addresses the concerns raised by the Auditor. The City of Carlisle also has developed a draft Business Preservation Plan as part of an Emergency Operations Plan for the City of Carlisle that provides for an alternate City Hall location and replacement of essential equipment. The City also has an informal reciprocal understanding on EDP disaster recovery with the City of Norwalk. Both cities operate the same EDP hardware and software systems and in the event of a disaster each City would allow the other to temporarily recreate and operate its respective EDP systems on the other city’s facilities.

Conclusion – Response accepted.

- (B) Compensatory Time Policy – Although individual earnings records were maintained which tracked compensatory time earned and taken, the City does not have a written policy authorizing City employees to cash in compensatory time or to restrict the accumulation to a maximum amount.

Recommendation – The City should develop a written policy for compensatory time for City employees addressing the above items.

Response – The City has followed the Federal Fair Labor Standards Act guidelines which allow police employees to carry up to 480 hours of compensatory time on the books and non-police employees to carry up to 240 hours on the books. The City will develop a policy covering compensatory time.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2003

Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.

Certified Budget – During the year ended June 30, 2003, the City changed to a new chart of accounts as approved by the City Finance Committee. Disbursements of \$147,055 from the General Fund were budgeted from and charged to the business type activities function. These disbursements should have been charged to the public works function.

After reclassifying the disbursements to the appropriate function, disbursements during the year ended June 30, 2003 exceeded the amount budgeted in the public works function.

In addition, disbursements exceeded the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The Council should budget in accordance with the chart of accounts. The budget should have been amended in sufficient amount in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City Finance Committee changed the chart of accounts during the year and the solid waste disbursements were charged to the General Fund, business type activities function. They should have been charged to the public works function. This has been corrected and solid waste charges will now be put in the public works function. The debt service function was over because of increased administrative cost. We will try to anticipate such administrative cost increases in the future.

Conclusion – Response accepted.

- (3) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2003

- (5) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Jim Shoning, Fire Department Administrative Assistant, owner of Carlisle Photo	Computer and photography supplies	\$ 2,095
Dr. Dennis Woodruff, Mayor, owner of Avondale Animal Hospital	Animal control	3,721

The City Attorney has opined that transactions with the Fire Department Administrative Assistant and the Mayor do not represent conflicts of interest.

- (6) 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 that the coverage is adequate for current operations.
- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

Minutes of the November 11, 2002 and April 28, 2003 Council meetings were not published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should publish minutes as required.

Response – The City will strive to publish Council meeting minutes as required by the Code of Iowa in the future.

Conclusion – Response accepted.

- (8) 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.

- (9) Financial Condition – The Capital Projects Funds, South 5th Street Paving, REAP Wetlands, Park Land Acquisition, First Street Bridge and Park Land Acquisition Randleman accounts had deficit balances at June 30, 2003.

Recommendation – The City should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The deficits will be eliminated by the continuing receipt of special assessments for the street paving project, from the continuing payment of cell tower funds set aside for the land acquisition and receipt of grant money for the wetlands and bridge projects.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2003

(10) Revenue Bonds/Notes – No instances of non-compliance with the requirements of the revenue bond/note provisions were noted.

(11) Other Information Required by Bond Resolution

Insurance - The following insurance policies were in force at June 30, 2003:

Insurer	Description	Amount	Expiration Date
Employers Mutual Casualty Company	Public officials bond:		
	Clerk/Treasurer	\$ 95,000	Apr 1, 2004
	Assistant Clerk	10,000	
Employers Mutual Casualty Company	Vehicle coverage:		
	Combined single limit	1,000,000	Apr 1, 2004
	Auto medical	1,000	
Uninsured and underinsured motorist: Each occurrence	50,000		
Employers Mutual Casualty Company	Linebacker coverage - Council Members:		
	Each loss	1,000,000	Apr 1, 2004
	Aggregate	1,000,000	
Employers Mutual Casualty Company	Employee dishonesty:		
	Per employee	25,000	Apr 1, 2004
	Forgery/alteration	10,000	
Employers Mutual Casualty Company	Special multi-peril property coverage:		
	Blanket building, personal property and property in the open	4,949,076	Apr 1, 2004
	Liability:		
	General - aggregate	2,000,000	
	Products/completed		
	Operations - aggregate	2,000,000	
	Personal injury	1,000,000	
	Each occurrence	1,000,000	
	Fire damage (any one fire)	100,000	
	Medical expense (any one person)	5,000	

City of Carlisle
Schedule of Findings
Year ended June 30, 2003

Insurer	Description	Amount	Expiration Date
Employers Mutual Casualty Company	Umbrella policy	2,000,000	Apr 1, 2004
Employers Mutual Casualty Company	Inland marine:		
	Contractor's equipment	274,130	Apr 1, 2004
	Miscellaneous	325,081	
	Data processing	25,000	
Employers Mutual Casualty Company	Comprehensive crime:		
	Loss inside premises and messenger	2,500	Apr 1, 2004
	Loss outside premises	2,500	Apr 1, 2004
Employers Mutual Casualty Company	Workers' compensation	500,000	Apr 1, 2004

Statistical Information:

Description	Amount
Sewer customers served at June 30, 2003	1,367

Sewer rates in effect at June 30, 2003:

A monthly basic service fee of \$10 plus \$2.75 per 1,000 gallons of all non-irrigation water and water service attributable to the contributor for the property served.

For those contributors who contribute wastewater, the strength of which is greater than normal domestic sewage, a surcharge in addition to the normal charge is collected as follows:

BOD	\$0.31 per pound
Suspended solids	\$0.29 per pound
Other pollutants	\$0.31 per pound

City of Carlisle

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager
Jennifer Campbell, CPA, Staff Auditor
Kristen E. Harang, CPA, Staff Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State