



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

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David A. Vaudt, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

October 16, 2006

Contact: Andy Nielsen  
515/281-5834

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

The City's receipts totaled \$5,064,888 for the year ended June 30, 2006, a 24 percent decrease from 2005. The receipts included \$1,190,135 in property tax, \$22,886 from tax increment financing, \$3,068,489 from charges for service, \$362,773 from operating grants, contributions and restricted interest, \$298,893 from capital grants, contributions and restricted interest, \$91,261 from unrestricted interest on investments, and \$30,451 from other general receipts.

Disbursements for the year totaled \$5,104,841, an 18 percent decrease from the prior year, and included \$577,044 for public safety, \$442,673 for public works and \$438,610 for debt service. Also, disbursements for business type activities totaled \$2,784,552.

Receipts decreased because no bond or note proceeds were received during the year and disbursements decreased due to the completion of the Aquatic Center capital project in the prior year.

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/reports.htm>.

# # #

**CITY OF CARLISLE**

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

**JUNE 30, 2006**

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## **City of Carlisle**

### **Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2006)</b>		
Ruth Randleman	Mayor	Jan 2006
Allen Wiese	Mayor Pro tem	Jan 2006
Patricia Stump	Council Member	Jan 2006
Blair Dewey	Council Member	Jan 2008
Drew Merrifield	Council Member	Jan 2008
Frank Shultz	Council Member	Jan 2008
<b>(After January 2006)</b>		
Ruth Randleman	Mayor	Jan 2010
Blair Dewey	Mayor Pro tem	Jan 2008
Drew Merrifield	Council Member	Jan 2008
Frank Shultz	Council Member	Jan 2008
Doug Hammerand	Council Member	Jan 2010
Eric Mahnke	Council Member	Jan 2010
Neil Ruddy	Administrator/Clerk	Indefinite
Patricia M. Brehse	Deputy Clerk	Retired
Andra K. Black	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

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David A. Vaudt, CPA  
Auditor of State

**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, 2006, 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, 2006, 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.

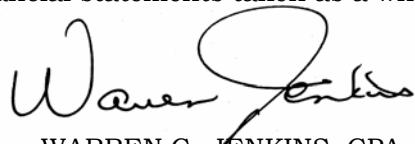
In accordance with Government Auditing Standards, we have also issued our report dated August 8, 2006 on our consideration of the City of Carlisle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 internal control over financial reporting or 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 30 through 32 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 three years ended June 30, 2005 (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 4 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

August 8, 2006

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2006. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2006 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities decreased 42%, or approximately \$1,739,000, from fiscal 2005 to fiscal 2006. Bond/note proceeds decreased approximately \$1,346,000 and capital grants, contributions and restricted interest decreased approximately \$439,000 due to the completion of the North First Street Bridge project. Charges for service increased approximately \$142,000 due to the increase in building permits issued and Aquatic Center admissions, swim lessons and concessions. Property and other city tax increased approximately \$103,000 due to increased property valuations.
- The City's governmental activities disbursements decreased 42%, or approximately \$1,647,000, from fiscal 2005 to fiscal 2006. Debt service and capital projects disbursements decreased approximately \$242,000 and \$1,576,000, respectively. Culture and recreation disbursements increased approximately \$145,000.
- The City's governmental activities cash balance at June 30, 2006 increased 10%, or approximately \$94,000, from June 30, 2005 to June 30, 2006, mainly due to the changes in Police Department personnel expenditures, deferral of certain capital expenditures and additional revenue from grants, charges for service and higher interest rates.

### **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 that 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 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.

## **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, 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 statements for governmental funds include 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.

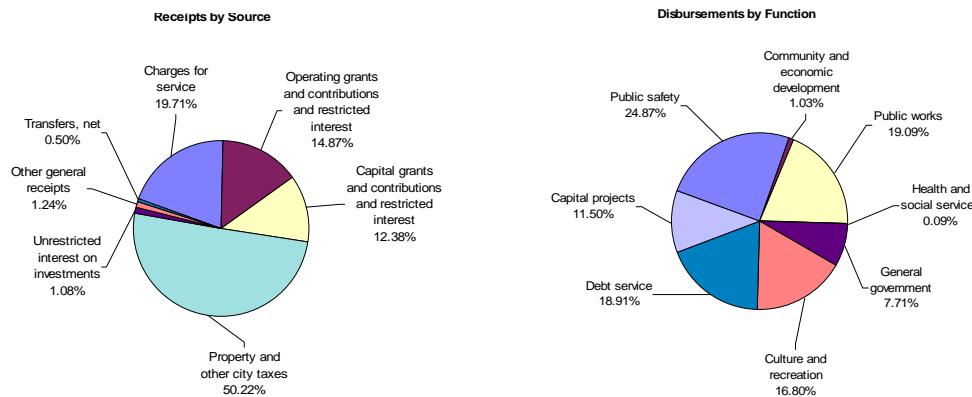
The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide 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 from a year ago, increasing by \$.094 million to \$1.026 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,	
	2006	2005
<b>Receipts and transfers:</b>		
Program receipts:		
Charges for service	\$ 476	334
Operating grants, contributions and restricted interest	359	573
Capital grants, contributions and restricted interest	299	738
General receipts:		
Property and other city tax	1,213	1,110
Grants and contributions not restricted		
to specific purposes	-	1
Unrestricted interest on investments	26	15
Bond proceeds	-	1,032
Note proceeds	-	314
Other general receipts	30	25
Transfers, net	12	154
Total receipts and transfers	2,415	4,296
<b>Disbursements:</b>		
Operating:		
Public safety	577	574
Public works	443	456
Health and social services	2	2
Culture and recreation	390	245
Community and economic development	24	32
General government	179	135
Debt service	439	681
Capital projects	267	1,843
Total disbursements	2,321	3,968
Increase in cash basis net assets	94	328
Cash basis net assets beginning of year	932	604
Cash basis net assets end of year	\$ 1,026	932



Total governmental activities receipts and transfers for the fiscal year were \$2.415 million. The cash balance increased by about \$94,000 from the prior year as a result of the changes in Police Department personnel expenditures, deferral of certain capital expenditures and additional revenue from grants, charges for services and higher interest rates.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2006	2005
<b>Receipts:</b>		
Program receipts:		
Charges for service:		
Water	\$ 537	507
Sewer	416	404
Electric	1,640	1,534
Operating grants and contributions:		
Water	1	1
Electric	3	3
General receipts:		
Unrestricted interest on investments	66	41
Total receipts	<u>2,663</u>	<u>2,490</u>
 <b>Disbursements and transfers:</b>		
Water	520	365
Sewer	617	349
Electric	1,648	1,541
Transfers	12	154
Total disbursements and transfers	<u>2,797</u>	<u>2,409</u>
Net change in cash basis net assets	(134)	81
Cash basis net assets beginning of year	2,278	2,197
Cash basis net assets end of year	<u>\$ 2,144</u>	<u>2,278</u>

Total business type activities receipts for the fiscal year were \$2.663 million. The cash balance decreased by approximately \$134,000 from the prior year due primarily to the City's share for the sewer line installed in the Danamere Farms Development, the consultant fees for the new electric purchase of power agreement and electric system improvements.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$1,001,963, an increase of more than \$89,000 above last year's total of \$912,345. 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 \$51,426 from the prior year, resulting in an ending cash balance of \$683,585. This increase was primarily due to changes in Police Department personnel expenditures and additional revenue from charges for service and higher interest rates.
- The Road Use Tax Fund cash balance decreased by \$14,720 to \$234,513 during the fiscal year. This decrease was attributable to the transfer of funds from the Road Use Tax Fund to the First Street Bridge Capital Project Fund for the City's share of the Bridge Project.

- The Debt Service Fund cash balance decreased by \$1,720 to \$76,900 during the fiscal year.
- The Capital Projects Fund cash balance increased by \$45,609 to \$(81,930) during the fiscal year. This increase was attributable to the transfer of funds from the Road Use Tax Fund to the Capital Projects Fund for the City's share of the Bridge Project and the final reimbursements from the state for the Bridge Project.

### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance increased by \$40,255 from the prior year to \$833,217. The increase in cash balance was approximately \$11,000 more than in the prior year, primarily due to decreased operations expense as a result of the replacement of water meters.
- The Sewer Fund cash balance decreased by \$170,637 from the prior year to \$943,989. The decrease in cash balance was primarily due to the City's share of \$128,572 for the sewer line installed in the Danamere Farms Development.
- The Electric Fund cash balance decreased by \$7,872 to \$336,843 during the fiscal year. Disbursements increased approximately \$107,000 as a result of consultant fees for the new purchase of power agreement, system improvements and the current year purchase of power. Charges for service increased approximately \$104,000 as a result of higher heating and cooling costs.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved on May 22, 2006 and resulted in an increase of \$311,700 in revenues and other sources. The additional revenues were from a \$5,000 Prairie Meadows Grant for the purchase of a defibrillator, a \$100,000 Sewer Grant, \$6,700 from Warren County and City Foundation Grants and donations and \$200,000 for Aquatic Center interim financing for future pledge payments. The City's receipts were \$81,773 more than budgeted receipts, a variance of 2%. The most significant variance resulted from the City not budgeting for miscellaneous receipts and not receiving anticipated community development block grant funds.

The budgeted expenditures also increased \$337,193, resulting in the use of an additional \$25,493 of the general fund balance. Total expenditures were less than budgeted, due primarily to the City's budget for the capital projects function. The City budgeted anticipated expenditures for the sewer project which did not progress as rapidly as expected.

### **DEBT ADMINISTRATION**

At June 30, 2006, the City had \$3,815,000 in bonds and other long-term debt outstanding, compared to approximately \$4,310,000 last year, as shown below:

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2006	2005
General obligation bonds	\$ 1,950	2,165
General obligation capital loan notes	715	825
Revenue capital loan notes	770	855
Revenue bonds	380	465
Total	\$ 3,815	4,310

Debt decreased as a result of principal payments of \$495,000.

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 \$2,665,000 is significantly below its constitutional debt limit of \$7 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 BUDGETS AND RATES**

The City's elected and appointed officials and citizens considered many factors when setting the 2007 fiscal year 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 2007 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, 2006

	Disbursements	Program Receipts			
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety	\$ 577,044	145,859	27,150	-	-
Public works	442,673	175,814	296,254	45,693	
Health and social services	2,357	-	-	-	
Culture and recreation	389,725	130,165	25,337	220,795	
Community and economic development	24,301	-	3,062	-	
General government	178,915	19,361	-	-	
Debt service	438,610	-	6,774	27,340	
Capital projects	266,664	4,854	-	5,065	
Total governmental activities	2,320,289	476,053	358,577	298,893	
Business type activities:					
Water	520,200	537,099	1,399	-	-
Sewer	616,723	415,550	-	-	
Electric	1,647,629	1,639,787	2,797	-	
Total business type activities	2,784,552	2,592,436	4,196	-	
Total	\$ 5,104,841	3,068,489	362,773	298,893	

**General Receipts:**

Property and other city tax levied for:

- General purposes
- Tax increment financing
- Debt service

Unrestricted interest on investments

Miscellaneous

Transfers

Total general receipts and transfers

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:

- Streets
- Urban renewal purposes
- Debt service
- 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
(404,035)	-	(404,035)
75,088	-	75,088
(2,357)	-	(2,357)
(13,428)	-	(13,428)
(21,239)	-	(21,239)
(159,554)	-	(159,554)
(404,496)	-	(404,496)
(256,745)	-	(256,745)
<u>(1,186,766)</u>	<u>-</u>	<u>(1,186,766)</u>
-	18,298	18,298
-	(201,173)	(201,173)
-	(5,045)	(5,045)
<u>-</u>	<u>(187,920)</u>	<u>(187,920)</u>
<u>(1,186,766)</u>	<u>(187,920)</u>	<u>(1,374,686)</u>
795,806	-	795,806
22,886	-	22,886
394,329	-	394,329
25,516	65,745	91,261
30,451	-	30,451
11,808	(11,808)	-
<u>1,280,796</u>	<u>53,937</u>	<u>1,334,733</u>
94,030	(133,983)	(39,953)
<u>932,468</u>	<u>2,278,345</u>	<u>3,210,813</u>
\$ 1,026,498	2,144,362	3,170,860
\$ 234,513	-	234,513
9,667	-	9,667
76,900	680,306	757,206
55,513	30,313	85,826
649,905	1,433,743	2,083,648
<u>\$ 1,026,498</u>	<u>2,144,362</u>	<u>3,170,860</u>

City of Carlisle

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

As of and for the year ended June 30, 2006

	General	Special Revenue
		Road
		Use Tax
<b>Receipts:</b>		
Property tax	\$ 735,211	-
Tax increment financing	-	-
Other city tax	9,520	-
Licenses and permits	99,885	-
Use of money and property	25,516	-
Intergovernmental	37,510	292,788
Charges for service	355,014	-
Special assessments	-	-
Miscellaneous	44,525	2,497
Total receipts	1,307,181	295,285
<b>Disbursements:</b>		
Operating:		
Public safety	576,411	-
Public works	158,988	284,512
Health and social services	2,357	-
Culture and recreation	383,933	-
Community and economic development	8,356	-
General government	179,024	-
Debt service	-	-
Capital projects	-	-
Total disbursements	1,309,069	284,512
Excess (deficiency) of receipts over (under) disbursements	(1,888)	10,773
Other financing sources (uses):		
Operating transfers in	53,314	-
Operating transfers out	-	(25,493)
Total other financing sources (uses)	53,314	(25,493)
Net change in cash balances	51,426	(14,720)
Cash balances beginning of year	632,159	249,233
Cash balances end of year	\$ 683,585	234,513
<b>Cash Basis Fund Balances</b>		
Reserved for debt service	\$ -	-
Unreserved:		
General fund	683,585	-
Special revenue funds	-	234,513
Capital projects fund	-	-
Permanent fund	-	-
Total cash basis fund balances	\$ 683,585	234,513

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
387,696	-	50,419	1,173,326
-	-	22,886	22,886
6,633	-	656	16,809
-	-	-	99,885
6,664	10,042	1,071	43,293
-	45,693	-	375,991
-	-	-	355,014
17,299	4,854	-	22,153
110	235,110	9,532	291,774
<b>418,402</b>	<b>295,699</b>	<b>84,564</b>	<b>2,401,131</b>
<hr/>			
-	-	2,491	578,902
-	-	-	443,500
-	-	-	2,357
-	-	6,030	389,963
-	-	15,945	24,301
-	-	-	179,024
438,610	-	-	438,610
-	266,664	-	266,664
<b>438,610</b>	<b>266,664</b>	<b>24,466</b>	<b>2,323,321</b>
<b>(20,208)</b>	<b>29,035</b>	<b>60,098</b>	<b>77,810</b>
<hr/>			
18,488	25,493	-	97,295
-	(8,919)	(51,075)	(85,487)
<b>18,488</b>	<b>16,574</b>	<b>(51,075)</b>	<b>11,808</b>
<b>(1,720)</b>	<b>45,609</b>	<b>9,023</b>	<b>89,618</b>
<b>78,620</b>	<b>(127,539)</b>	<b>79,872</b>	<b>912,345</b>
<b>76,900</b>	<b>(81,930)</b>	<b>88,895</b>	<b>1,001,963</b>
<hr/>			
76,900	-	-	76,900
-	-	-	683,585
-	-	57,917	292,430
-	(81,930)	-	(81,930)
-	-	30,978	30,978
<b>76,900</b>	<b>(81,930)</b>	<b>88,895</b>	<b>1,001,963</b>

**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, 2006

**Total governmental funds cash balances (page 17)** \$ 1,001,963

***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 net assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

activities in the Statement of Net Assets.	24,535
<b>Cash basis net assets of governmental activities (page 15)</b>	<b>\$ 1,026,498</b>
<b>Net change in cash balances (page 17)</b>	<b>\$ 89,618</b>

***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.

governmental activities.	4,412
<b>Change in cash basis net assets of governmental activities (page 15)</b>	<b>\$ 94,030</b>

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, 2006

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	Self Funded Insurance
Operating receipts:					
Charges for service	\$ 470,994	407,449	1,570,743	2,449,186	-
Miscellaneous	67,504	8,101	71,841	147,446	12,411
Total operating receipts	<u>538,498</u>	<u>415,550</u>	<u>1,642,584</u>	<u>2,596,632</u>	<u>12,411</u>
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	1,299
Public works	-	-	-	-	578
Culture and recreation	-	-	-	-	167
General government	-	-	-	-	77
Business type activities	296,976	365,800	1,585,360	2,248,136	2,987
Total operating disbursements	<u>296,976</u>	<u>365,800</u>	<u>1,585,360</u>	<u>2,248,136</u>	<u>5,108</u>
Excess of operating receipts over operating disbursements	<u>241,522</u>	<u>49,750</u>	<u>57,224</u>	<u>348,496</u>	<u>7,303</u>
Non-operating receipts (disbursements):					
Interest on investments	22,933	31,512	11,300	65,745	1,380
Debt service	(38,955)	(113,325)	(64,588)	(216,868)	-
Capital projects	(185,245)	(138,574)	-	(323,819)	-
Total non-operating receipts (disbursements)	<u>(201,267)</u>	<u>(220,387)</u>	<u>(53,288)</u>	<u>(474,942)</u>	<u>1,380</u>
Excess (deficiency) of receipts over (under) disbursements	<u>40,255</u>	<u>(170,637)</u>	<u>3,936</u>	<u>(126,446)</u>	<u>8,683</u>
Operating transfers out, net	<u>-</u>	<u>-</u>	<u>(11,808)</u>	<u>(11,808)</u>	<u>-</u>
Net change in cash balances	<u>40,255</u>	<u>(170,637)</u>	<u>(7,872)</u>	<u>(138,254)</u>	<u>8,683</u>
Cash balances beginning of year	<u>792,962</u>	<u>1,114,626</u>	<u>344,715</u>	<u>2,252,303</u>	<u>46,165</u>
Cash balances end of year	<u>\$ 833,217</u>	<u>943,989</u>	<u>336,843</u>	<u>2,114,049</u>	<u>54,848</u>
<b>Cash Basis Fund Balances</b>					
Reserved for debt service	\$ 86,432	395,738	198,136	680,306	-
Unreserved	746,785	548,251	138,707	1,433,743	54,848
Total cash basis fund balances	<u>\$ 833,217</u>	<u>943,989</u>	<u>336,843</u>	<u>2,114,049</u>	<u>54,848</u>

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, 2006

<b>Total enterprise funds cash balances (page 20)</b>	\$ 2,114,049
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***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 net assets of the Internal Service Fund are included in business type activities in the Statement of Net Assets.

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	30,313
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<b>Cash basis net assets of business type activities (page 15)</b>	\$ 2,144,362
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<b>Net change in cash balances (page 20)</b>	\$ (138,254)
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***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.

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	4,271
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<b>Change in cash basis net assets of business type activities (page 15)</b>	\$ (133,983)
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See notes to financial statements.

City of Carlisle

Notes to Financial Statements

June 30, 2006

**(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 nonmajor governmental 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 two categories:

*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 category. 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 Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

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

The City also reports the following nonmajor 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 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.

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, 2006, disbursements exceeded the amounts budgeted in the culture and recreation, general government and debt service functions.

**(2) Cash and Pooled Investments**

The City's deposits in banks and credit unions at June 30, 2006 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 Statements No. 3 and No. 40.

### **(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation bonds, general obligation capital loan notes and revenue capital loan notes and 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
2007	\$ 230,000	78,921	110,000	22,368	85,000	26,140
2008	235,000	70,101	110,000	19,728	90,000	24,015
2009	250,000	60,833	110,000	16,793	90,000	21,495
2010	210,000	50,793	125,000	13,613	95,000	18,705
2011	220,000	42,413	60,000	9,713	95,000	15,570
2012-2016	700,000	86,414	200,000	15,713	315,000	25,140
2017	105,000	13,125	-	-	-	-
Total	\$ 1,950,000	402,600	715,000	97,928	770,000	131,065

Year Ending June 30,	Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2007	\$ 80,000	14,553	505,000	141,982
2008	80,000	11,553	515,000	125,397
2009	85,000	8,468	535,000	107,589
2010	30,000	5,060	460,000	88,171
2011	35,000	4,025	410,000	71,721
2012-2016	70,000	4,148	1,285,000	131,415
2017	-	-	210,000	13,125
Total	\$ 380,000	47,807	3,920,000	679,400

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

- (1) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate electric and water revenue sinking accounts for the purpose of making the bond principal and interest payments when due.
- (3) Additional monthly transfers shall be made to separate electric and water reserve accounts until a specific minimum balance has been accumulated. These accounts are restricted for the purpose of paying bond principal and interest payments when insufficient money is available in the sinking account.
- (4) Additional monthly transfers of \$200 to an electric improvement account shall be made until the required balance of \$60,000 has been

accumulated. This account is restricted for the purpose of paying 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) Water 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 during 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.

Most plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% 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, 2006, 2005 and 2004 were \$60,543, \$57,329 and \$51,434, respectively, equal to the required contributions for each year.

**(5) 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 payments payable to employees at June 30, 2006, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 69,000
Compensatory time	<u>52,000</u>
Total	<u>\$ 121,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2006.

## **(6) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits Capital Projects	\$ 51,075 2,239 <hr/> 53,314
Debt Service	Capital Projects	6,680
	Enterprise: Electric	<hr/> 11,808 <hr/> 18,488
Capital Projects	Special Revenue: Road Use Tax	<hr/> 25,493
Total		\$ 97,295

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

## **(7) 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.

## **(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 plan. 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 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 SFSCO. The City's contribution to the fund for the year ended June 30, 2006 was \$12,411.

**(9) Deficit Balance**

The Capital Projects Fund had a deficit balance of \$81,930 at June 30, 2006. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of 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 403.10 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):	100% of the taxes paid on the taxable value of the new improvements
Second year (value January, 2002 for taxes payable 2003-04):	90% of the taxes paid on the taxable value of the new improvements
Third year (value January, 2003 for taxes payable 2004-05):	80% of the taxes paid on the taxable value of the new improvements
Fourth year (value January, 2004 for taxes payable 2005-06):	70% of the taxes paid on the taxable value of the new improvements
Fifth year (value January, 2005 for taxes payable 2006-07):	60% of the taxes paid on the taxable value of the new improvements

During the year ended June 30, 2006, the City rebated \$15,945 of incremental taxes to the developer. The cumulative amount rebated to the developer from November 2002 through June 30, 2006 was \$64,094. No bonds or notes were issued for this construction project.

**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, 2006

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
<b>Receipts:</b>			
Property tax	\$ 1,173,326	-	-
Tax increment financing	22,886	-	-
Other city tax	16,809	-	-
Licenses and permits	99,885	-	-
Use of money and property	43,293	67,125	(1,380)
Intergovernmental	375,991	-	-
Charges for service	355,014	2,449,186	-
Special assessments	22,153	-	-
Miscellaneous	291,774	159,857	(12,411)
<b>Total receipts</b>	<b>2,401,131</b>	<b>2,676,168</b>	<b>(13,791)</b>
<b>Disbursements:</b>			
Public safety	578,902	1,299	(1,299)
Public works	443,500	578	(578)
Health and social services	2,357	-	-
Culture and recreation	389,963	167	(167)
Community and economic development	24,301	-	-
General government	179,024	77	(77)
Debt service	438,610	-	-
Capital projects	266,664	-	-
Business type activities	-	2,791,810	(2,987)
<b>Total disbursements</b>	<b>2,323,321</b>	<b>2,793,931</b>	<b>(5,108)</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>77,810</b>	<b>(117,763)</b>	<b>(8,683)</b>
<b>Other financing sources (uses), net</b>	<b>11,808</b>	<b>(11,808)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses</b>	<b>89,618</b>	<b>(129,571)</b>	<b>(8,683)</b>
<b>Balances beginning of year</b>	<b>912,345</b>	<b>2,298,468</b>	<b>(46,165)</b>
<b>Balances end of year</b>	<b>\$ 1,001,963</b>	<b>2,168,897</b>	<b>(54,848)</b>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,173,326	1,188,709	1,188,709	(15,383)
22,886	22,000	22,000	886
16,809	14,881	14,881	1,928
99,885	58,000	58,000	41,885
109,038	45,000	45,000	64,038
375,991	478,905	590,605	(214,614)
2,804,200	3,042,700	3,042,700	(238,500)
22,153	19,840	19,840	2,313
439,220	-	-	439,220
<b>5,063,508</b>	<b>4,870,035</b>	<b>4,981,735</b>	<b>81,773</b>
578,902	645,495	650,495	71,593
443,500	468,112	493,605	50,105
2,357	2,450	2,450	93
389,963	379,905	381,405	(8,558)
24,301	31,114	31,114	6,813
179,024	170,223	170,223	(8,801)
438,610	438,412	438,412	(198)
266,664	296,414	601,614	334,950
2,788,823	2,954,545	2,954,545	165,722
<b>5,112,144</b>	<b>5,386,670</b>	<b>5,723,863</b>	<b>611,719</b>
(48,636)	(516,635)	(742,128)	693,492
-	-	200,000	(200,000)
(48,636)	(516,635)	(542,128)	493,492
3,164,648	3,469,376	3,469,376	(304,728)
<b>3,116,012</b>	<b>2,952,741</b>	<b>2,927,248</b>	<b>188,764</b>

City of Carlisle  
Notes to Required Supplementary Information – Budgetary Reporting  
June 30, 2006

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 ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Permanent Fund and 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 \$337,193. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the culture and recreation, general government and debt service functions.

**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, 2006

	Employee Benefits	Gifts and Bequests	Special Revenue Urban Renewal Tax Increment
<b>Receipts:</b>			
Property tax	\$ 50,419	-	-
Tax increment financing	-	-	22,886
Other city tax	656	-	-
Use of money and property	-	935	-
Miscellaneous	-	-	-
<b>Total receipts</b>	<b>51,075</b>	<b>935</b>	<b>22,886</b>
<b>Disbursements:</b>			
<b>Operating:</b>			
Public safety	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	15,945
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>15,945</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>51,075</b>	<b>935</b>	<b>6,941</b>
<b>Other financing uses:</b>			
Operating transfers out	(51,075)	-	-
Net change in cash balances	-	935	6,941
Cash balances beginning of year	-	28,884	2,726
<b>Cash balances end of year</b>	<b>\$ -</b>	<b>29,819</b>	<b>9,667</b>
<b>Cash Basis Fund Balances</b>			
Unreserved:			
Special revenue funds	\$ -	29,819	9,667
Permanent fund	-	-	-
<b>Total cash basis fund balances</b>	<b>\$ -</b>	<b>29,819</b>	<b>9,667</b>

See accompanying independent auditor's report.

Friends of the Library	Carlisle Volunteer Fire Department	Cemetery Perpetual Care	Permanent	
				Total
-	-	-		50,419
-	-	-		22,886
-	-	-		656
90	46	-		1,071
4,699	2,801	2,032		9,532
<b>4,789</b>	<b>2,847</b>	<b>2,032</b>		<b>84,564</b>
<hr/>				
-	2,491	-		2,491
6,030	-	-		6,030
-	-	-		15,945
<b>6,030</b>	<b>2,491</b>	<b>-</b>		<b>24,466</b>
(1,241)	356	2,032		60,098
<hr/>				
-	-	-		(51,075)
(1,241)	356	2,032		9,023
12,415	6,901	28,946		79,872
<b>11,174</b>	<b>7,257</b>	<b>30,978</b>		<b>88,895</b>
<hr/>				
11,174	7,257	-		57,917
-	-	30,978		30,978
<b>11,174</b>	<b>7,257</b>	<b>30,978</b>		<b>88,895</b>

City of Carlisle

Schedule of Indebtedness

Year ended June 30, 2006

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
<b>General obligation bonds:</b>			
Essential corporate purpose	Dec 1, 1998	4.15-4.70%	\$ 890,000
Essential corporate purpose	Oct 1, 1999	4.90-5.10	430,000
General and essential corporate purpose	Jul 1, 2001	4.15-4.80	535,000
General corporate purpose	Oct 15, 2004	2.20-4.20	1,035,000
<b>Total</b>			
<b>General obligation capital loan notes:</b>			
General obligation capital loan	Oct 1, 2003	2.00-4.00%	\$ 540,000
General obligation capital loan refunding	Nov 1, 2004	2.20-3.00	315,000
<b>Total</b>			
<b>Revenue capital loan notes:</b>			
Sewer refunding	Nov 1, 2003	2.10-4.00%	\$ 1,015,000
<b>Revenue bonds:</b>			
Electric	Dec 1, 1998	4.30-4.45%	\$ 610,000
Water	Oct 1, 2003	2.75-4.00	280,000
<b>Total</b>			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
620,000	-	65,000	555,000	27,322
190,000	-	45,000	145,000	9,528
320,000	-	40,000	280,000	14,392
1,035,000	-	65,000	970,000	35,670
<hr/> <b>\$ 2,165,000</b>	<hr/> <b>-</b>	<hr/> <b>215,000</b>	<hr/> <b>1,950,000</b>	<hr/> <b>86,912</b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
510,000	-	45,000	465,000	16,518
315,000	-	65,000	250,000	8,180
<hr/> <b>\$ 825,000</b>	<hr/> <b>-</b>	<hr/> <b>110,000</b>	<hr/> <b>715,000</b>	<hr/> <b>24,698</b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
855,000	-	85,000	770,000	27,925
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
210,000	-	55,000	155,000	9,188
255,000	-	30,000	225,000	8,555
<hr/> <b>\$ 465,000</b>	<hr/> <b>-</b>	<hr/> <b>85,000</b>	<hr/> <b>380,000</b>	<hr/> <b>17,743</b>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## City of Carlisle

## Bond and Note Maturities

June 30, 2006

General Obligation Bonds											
Year Ending June 30,	Issued Dec 1, 1998		Issued Oct 1, 1999		Issued Jul 1, 2001		Issued Oct 15, 2004				Total
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2007	4.20%	\$ 70,000	5.00%	\$ 50,000	4.25%	\$ 40,000	2.40%	\$ 70,000	2.40%	\$ 230,000	
2008	4.25	70,000	5.05	45,000	4.35	45,000	2.75	75,000		75,000	235,000
2009	4.30	75,000	5.10	50,000	4.50	45,000	2.80	80,000		80,000	250,000
2010	4.40	80,000	-	4.60	50,000	3.20	80,000		80,000		210,000
2011	4.50	85,000	-	4.70	50,000	3.40	85,000		85,000		220,000
2012	4.60	85,000	-	4.80	50,000	3.60	85,000		85,000		220,000
2013	4.70	90,000	-	-	-	3.75	90,000		90,000		180,000
2014	-	-	-	-	-	3.85	95,000		95,000		95,000
2015	-	-	-	-	-	4.00	100,000		100,000		100,000
2016	-	-	-	-	-	4.10	105,000		105,000		105,000
2017	-	-	-	-	-	4.20	105,000		105,000		105,000
Total		<u>\$ 555,000</u>		<u>\$ 145,000</u>		<u>\$ 280,000</u>			<u>\$ 970,000</u>		<u>\$ 1,950,000</u>

Revenue Bonds												
Year Ending June 30,	Revenue		Capital Loan Notes		Electric		Water					
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount				
2007	2.50%	\$ 85,000	4.35%	\$ 50,000	2.75%	\$ 30,000	\$ 80,000					
2008	2.80	90,000	4.40	50,000	2.95	30,000	80,000					
2009	3.10	90,000	4.45	55,000	3.20	30,000	85,000					
2010	3.30	95,000	-	3.45	30,000	30,000	30,000					
2011	3.50	95,000	-	3.65	35,000	35,000	35,000					
2012	3.75	100,000	-	3.85	35,000	35,000	35,000					
2013	3.90	105,000	-	4.00	35,000	35,000	35,000					
2014	4.00	<u>110,000</u>	-	-	-	-	-					
Total		<u>\$ 770,000</u>		<u>\$ 155,000</u>		<u>\$ 225,000</u>		<u>\$ 380,000</u>				

See accompanying independent auditor's report.

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General Obligation Capital Loan Notes					
Issued Oct 1, 2003		Issued Nov 1, 2004			
Interest		Interest			
Rates	Amount	Rates	Amount	Total	
2.40%	\$ 45,000	2.40%	\$ 65,000	\$ 110,000	
2.75	50,000	2.60	60,000	110,000	
3.00	50,000	2.80	60,000	110,000	
3.25	60,000	3.00	65,000	125,000	
3.45	60,000		-	60,000	
3.65	65,000		-	65,000	
3.80	65,000		-	65,000	
4.00	70,000		-	70,000	
	-		-	-	
	-		-	-	
	-		-	-	
	<u>\$ 465,000</u>		<u>\$ 250,000</u>	<u>\$ 715,000</u>	

**Schedule 4**

## City of Carlisle

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

For the Last Four Years

	2006	2005	2004	2003
<b>Receipts:</b>				
Property tax	\$ 1,173,326	1,073,994	1,021,511	992,648
Tax increment financing	22,886	21,800	18,597	19,001
Other city tax	16,809	14,345	16,138	13,389
Licenses and permits	99,885	60,726	49,296	51,173
Use of money and property	43,293	40,466	23,999	47,053
Intergovernmental	375,991	1,031,293	617,781	378,410
Charges for service	355,014	251,729	222,396	211,970
Special assessments	22,153	22,777	40,360	40,369
Miscellaneous	291,774	278,245	178,546	104,090
<b>Total</b>	<b>\$ 2,401,131</b>	<b>2,795,375</b>	<b>2,188,624</b>	<b>1,858,103</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 578,902	576,172	637,225	530,542
Public works	443,500	456,976	442,841	415,834
Health and social services	2,357	2,062	2,452	1,224
Culture and recreation	389,963	245,198	229,366	238,693
Community and economic development	24,301	31,573	26,387	22,667
General government	179,024	134,841	119,916	129,550
Debt service	438,610	681,267	592,915	303,553
Capital projects	266,664	1,842,637	1,363,375	396,976
<b>Total</b>	<b>\$ 2,323,321</b>	<b>3,970,726</b>	<b>3,414,477</b>	<b>2,039,039</b>

See accompanying independent auditor's report.



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the 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, 2006, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated August 8, 2006. 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 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 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, 2006 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.

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

August 8, 2006

City of Carlisle

Schedule of Findings

Year ended June 30, 2006

**Findings Related to the Financial Statements:**

**REPORTABLE CONDITIONS:**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2006

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amounts budgeted in the culture and recreation, general government and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.” Also, disbursements in the capital projects function exceeded the budget prior to the budget amendment.

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

Response – In the future, we will amend the budget before disbursements are exceeded.

Conclusion – Response accepted.

- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) 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	\$ 2,227
Jim Shoning, Fire Department Administrative Assistant, owner of Carlisle Photo	Computer and photography supplies	842
Blair Dewey, Council Member, owner of North River Consulting	Computer consulting	50

Although the transactions for fire report processing with Council Member Merrifield appear to represent a conflict of interest in accordance with Chapter 362.5(10) of the Code of Iowa since total transactions were greater than \$1,500 during the fiscal year, the City Attorney has opined the transactions with Council Member Merrifield do not represent a conflict of interest. The remaining transactions do not appear to represent conflicts of interest since they were less than \$1,500 during the fiscal year.

- (5) 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 insure the coverage is adequate for current operations.

City of Carlisle

Schedule of Findings

Year ended June 30, 2006

- (6) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

For eight of ten Council meetings tested, minutes 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.

- (7) 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.

- (8) Revenue Bonds and Notes – No instances of non-compliance with the provisions of the revenue bond resolutions were noted.

- (9) Financial Condition – The Capital Projects Fund had a deficit balance at June 30, 2006 of \$81,930.

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

Response – The deficit will be eliminated by an approved reimbursement REAP Grant for the Wetlands and a loan will be obtained for the balance due of the remaining pledges for the Aquatic Center.

Conclusion – Response accepted.

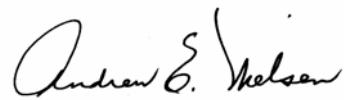
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City of Carlisle

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager  
Jennifer Campbell, CPA, Senior Auditor  
Matthew R. Ritchey, Assistant Auditor  
Joseph M. Seuntjens, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State