



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

December 6, 2007

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 \$5,092,316 for the year ended June 30, 2007, a less than 1 percent increase over 2006. The receipts included \$1,240,095 in property tax, \$3,038,370 from charges for service, \$510,328 from operating grants, contributions and restricted interest, \$176,194 from capital grants, contributions and restricted interest, \$109,917 from unrestricted interest on investments and \$17,412 from other general receipts.

Disbursements for the year totaled \$4,785,309, a 6 percent decrease from the prior year, and included \$602,809 for public safety, \$473,627 for public works and \$443,688 for debt service. Also, disbursements for business type activities totaled \$2,667,921.

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>.

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CITY OF CARLISLE

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

JUNE 30, 2007

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City of Carlisle

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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
Andra K. Black	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

City of Carlisle



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2007, 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.

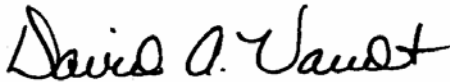
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2007, 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.

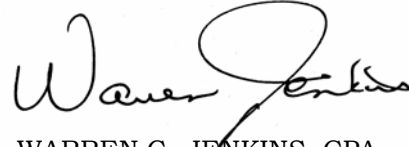
In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2007 on our consideration of the City of Carlisle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 four years ended June 30, 2006 (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

October 16, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Carlisle provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased .5%, or approximately \$13,000, from fiscal 2006 to fiscal 2007.
- The City's governmental activities disbursements decreased 9%, or approximately \$204,000, from fiscal 2006 to fiscal 2007. Capital projects disbursements decreased approximately \$196,000, primarily as a result of final payments made on the completion of the Aquatic Center in FY 2006.
- The City's governmental activities cash balance at June 30, 2007 increased 28%, or approximately \$284,000, from June 30, 2006, due primarily to the decrease in capital projects disbursements, allocation of city hall salaries and benefits to business type activities and a decrease in planning and zoning costs.

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 and the City's indebtedness.

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

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

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

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

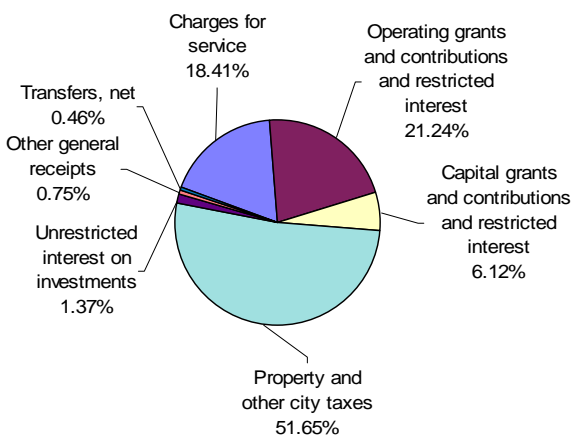
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$.284 million to \$1.310 million. The analysis below focuses on the change in cash basis net assets of governmental activities.

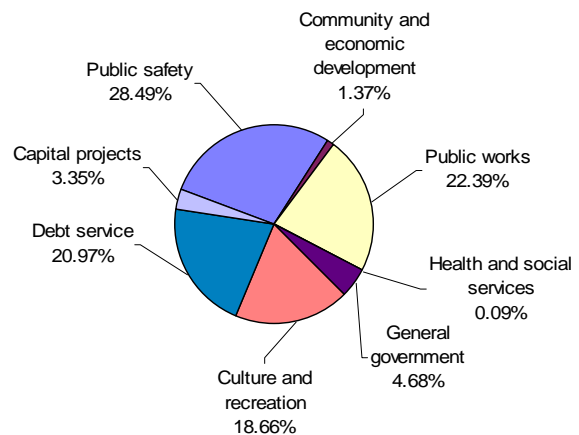
Changes in Cash Basis Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2007	2006
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 442	476
Operating grants, contributions and restricted interest	510	359
Capital grants, contributions and restricted interest	147	299
General receipts:		
Property and other city tax	1,240	1,213
Unrestricted interest on investments	33	26
Other general receipts	18	30
Transfers, net	11	12
Total receipts and transfers	2,401	2,415
Disbursements:		
Operating:		
Public safety	603	577
Public works	474	443
Health and social services	2	2
Culture and recreation	395	390
Community and economic development	29	24
General government	99	179
Debt service	444	439
Capital projects	71	267
Total disbursements	2,117	2,321
Increase in cash basis net assets	284	94
Cash basis net assets beginning of year	1,026	932
Cash basis net assets end of year	\$ 1,310	1,026

Receipts by Source



Disbursements by Function



Total governmental activities receipts and transfers for the fiscal year were \$2.401 million. The cash balance increased about \$284,000 from the prior year, due primarily to the decrease in capital projects disbursements, allocation of city hall salaries and benefits to business type activities and a decrease in planning and zoning costs.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 526	537
Sewer	432	416
Electric	1,638	1,640
Operating grants and contributions:		
Water	-	1
Electric	-	3
Capital grants and contributions		
Sewer	29	-
General receipts:		
Unrestricted interest on investments	77	66
Total receipts	<u>2,702</u>	<u>2,663</u>
Disbursements and transfers:		
Water	492	520
Sewer	466	617
Electric	1,710	1,648
Transfers	11	12
Total disbursements and transfers	<u>2,679</u>	<u>2,797</u>
Net change in cash basis net assets	23	(134)
Cash basis net assets beginning of year	<u>2,144</u>	<u>2,278</u>
Cash basis net assets end of year	<u>\$ 2,167</u>	<u>2,144</u>

Total business type activities receipts for the fiscal year were \$2.702 million. The cash balance increased by approximately \$23,000 over the prior year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$1,281,612, an increase of more than \$279,000 above last year's total of \$1,001,963. 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 \$84,668 from the prior year, resulting in an ending cash balance of \$768,253. This increase was primarily due to allocation of city hall salaries and benefits to business type activities and a decrease in planning and zoning costs.
- The Road Use Tax Fund cash balance decreased \$12,546 during the fiscal year. This decrease was primarily attributable to additional contract work for intake replacement and asphalt overlay.

- The Debt Service Fund cash balance increased \$10,803 to \$87,703 during the fiscal year. This is primarily due to a property tax increase.
- The Capital Projects Fund cash balance increased \$112,393 to \$30,463 during the fiscal year. The Aquatic Center was completed in FY 2006, resulting in lower capital projects disbursements in FY 2007.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$65,385 from the prior year to \$898,602. This increase occurred primarily because of the completion in FY 2006 of a wells improvement project.
- The Sewer Fund cash balance increased \$27,301 from the prior year to \$971,290. The increase in cash balance was primarily due to federal sewer awards.
- The Electric Fund cash balance decreased \$72,926 to \$263,917 during the fiscal year. Disbursements increased \$68,937 as a result of increased costs for purchase of power, general insurance, professional and consultant fees, repair and maintenance and allocations of city hall salary and benefit costs.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The first amendment was approved on September 25, 2006 and resulted in an increase of \$8,223 in receipts. The additional receipts were a reimbursement of bridge inspection fees from the Iowa Department of Transportation. The budgeted disbursements also increased \$10,829, resulting in the use of an additional \$2,606 of the General Fund balance.

The second amendment was approved on May 14, 2007 and resulted in an increase of \$58,547 in receipts. The additional receipts were \$50,000 for a Heartland Co-op grant, \$1,227 from a crop-sharing agreement, \$2,500 from donations, \$4,324 for a Curb-it grant from Metro Waste Authority and \$496 of additional library state funds. The budgeted disbursements also increased \$60,197, resulting in the use of an additional \$1,650 of the General Fund balances.

The City's total receipts were \$1,527,258 under budgeted receipts, or 23% less than expected. The most significant variance was the result of the City not receiving expected community development block grant funds budgeted at \$2,799,000, which affected the intergovernmental receipts category. Charges for service also were lower than budgeted because approximately \$150,700 budgeted for charges for service were categorized as miscellaneous receipts on the financial statements. Also, electric and water sales were approximately \$241,500 lower than expected due to demand. Additionally, the Aquatic Center sales were \$51,000 lower than budgeted. Miscellaneous receipts were higher than expected because of a donation of \$94,000 received to acquire a historical building.

Total disbursements were less than budgeted by \$3,357,696, due primarily to the City's budget for capital projects. The City budgeted anticipated disbursements for the sewer project which did not progress as rapidly as expected. Also, expected planning and zoning expenditures were less than those budgeted by \$61,342, affecting the general government function, because of fewer developments and less new construction than expected. Also, planned disbursements for a Heartland Co-op project for \$50,000 did not occur in FY 2007.

DEBT ADMINISTRATION

At June 30, 2007, the City had \$3,310,000 in bonds and other long-term debt outstanding, compared to approximately \$3,815,000 last year, as shown below:

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30,	
	2007	2006
General obligation bonds	\$ 1,720	1,950
General obligation capital loan notes	605	715
Revenue capital loan notes	685	770
Revenue bonds	300	380
Total	\$ 3,310	3,815

Debt decreased as a result of principal payments of \$505,000.

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 \$2,325,000 is significantly below its constitutional debt limit of \$7.5 million.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the 2008 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 2008 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, 2007

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 602,809	98,412	19,889	-
Public works	473,627	184,257	295,781	-
Health and social services	2,265	-	-	-
Culture and recreation	394,928	102,493	169,843	-
Community and economic development	29,545	-	5,874	-
General government	99,098	51,944	-	-
Debt service	443,688	-	17,271	27,536
Capital projects	71,428	4,590	1,670	119,885
Total governmental activities	2,117,388	441,696	510,328	147,421
Business type activities:				
Water	491,684	526,371	-	-
Sewer	466,433	432,425	-	28,773
Electric	1,709,804	1,637,878	-	-
Total business type activities	2,667,921	2,596,674	-	28,773
Total	\$ 4,785,309	3,038,370	510,328	176,194
General Receipts:				
Property and other city tax levied for:				
General purposes				
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				
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
(484,508)	-	(484,508)
6,411	-	6,411
(2,265)	-	(2,265)
(122,592)	-	(122,592)
(23,671)	-	(23,671)
(47,154)	-	(47,154)
(398,881)	-	(398,881)
54,717	-	54,717
(1,017,943)	-	(1,017,943)
-	34,687	34,687
-	(5,235)	(5,235)
-	(71,926)	(71,926)
-	(42,474)	(42,474)
(1,017,943)	(42,474)	(1,060,417)
829,537	-	829,537
410,558	-	410,558
33,031	76,886	109,917
17,412	-	17,412
11,208	(11,208)	-
1,301,746	65,678	1,367,424
283,803	23,204	307,007
1,026,498	2,144,362	3,170,860
\$ 1,310,301	2,167,566	3,477,867
\$ 221,967	-	221,967
87,703	680,318	768,021
179,877	-	179,877
820,754	1,487,248	2,308,002
\$ 1,310,301	2,167,566	3,477,867

City of Carlisle

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

As of and for the year ended June 30, 2007

	General	Special Revenue Road Use Tax
Receipts:		
Property tax	\$ 767,088	-
Other city tax	10,151	-
Licenses and permits	37,643	-
Use of money and property	33,031	-
Intergovernmental	37,076	291,457
Charges for service	355,109	-
Special assessments	-	-
Miscellaneous	66,706	2,204
Total receipts	1,306,804	293,661
Disbursements:		
Operating:		
Public safety	601,296	-
Public works	168,154	306,207
Health and social services	2,265	-
Culture and recreation	390,394	-
Community and economic development	13,227	-
General government	99,098	-
Debt service	-	-
Capital projects	-	-
Total disbursements	1,274,434	306,207
Excess (deficiency) of receipts over (under) disbursements	32,370	(12,546)
Other financing sources (uses):		
Operating transfers in	52,298	-
Operating transfers out	-	-
Total other financing sources (uses)	52,298	-
Net change in cash balances	84,668	(12,546)
Cash balances beginning of year	683,585	234,513
Cash balances end of year	\$ 768,253	221,967
Cash Basis Fund Balances		
Reserved for debt service	\$ -	-
Unreserved:		
General fund	768,253	-
Special revenue funds	-	221,967
Capital projects fund	-	-
Permanent fund	-	-
Total cash basis fund balances	\$ 768,253	221,967

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
405,376	-	51,637	1,224,101
5,182	-	661	15,994
-	-	-	37,643
8,921	14,587	3,163	59,702
-	69,885	-	398,418
-	-	-	355,109
12,949	4,590	-	17,539
8,350	97,264	104,980	279,504
440,778	186,326	160,441	2,388,010
-	-	2,745	604,041
-	-	-	474,361
-	-	-	2,265
-	-	4,749	395,143
-	-	16,318	29,545
-	-	-	99,098
443,688	-	-	443,688
-	71,428	-	71,428
443,688	71,428	23,812	2,119,569
(2,910)	114,898	136,629	268,441
13,713	-	-	66,011
-	(2,505)	(52,298)	(54,803)
13,713	(2,505)	(52,298)	11,208
10,803	112,393	84,331	279,649
76,900	(81,930)	88,895	1,001,963
87,703	30,463	173,226	1,281,612
87,703	-	-	87,703
-	-	-	768,253
-	-	141,223	363,190
-	30,463	-	30,463
-	-	32,003	32,003
87,703	30,463	173,226	1,281,612

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, 2007

Total governmental funds cash balances (page 17) \$ 1,281,612

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

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

28,689

Cash basis net assets of governmental activities (page 15)

\$ 1,310,301

Net change in cash balances (page 17)

\$ 279,649

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.

4,154

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

\$ 283,803

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, 2007

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	Self Funded Insurance
Operating receipts:					
Charges for service	\$ 459,690	424,318	1,574,296	2,458,304	-
Miscellaneous	66,681	8,107	63,582	138,370	12,435
Total operating receipts	<u>526,371</u>	<u>432,425</u>	<u>1,637,878</u>	<u>2,596,674</u>	<u>12,435</u>
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	1,491
Public works	-	-	-	-	889
Culture and recreation	-	-	-	-	261
Business type activities	435,414	258,331	1,654,297	2,348,042	4,169
Total operating disbursements	<u>435,414</u>	<u>258,331</u>	<u>1,654,297</u>	<u>2,348,042</u>	<u>6,810</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>90,957</u>	<u>174,094</u>	<u>(16,419)</u>	<u>248,632</u>	<u>5,625</u>
Non-operating receipts (disbursements):					
Interest on investments	31,562	33,400	11,924	76,886	1,973
Debt service	(38,130)	(111,540)	(57,223)	(206,893)	-
Capital projects	(19,004)	(97,426)	-	(116,430)	-
Total non-operating receipts (disbursements)	<u>(25,572)</u>	<u>(175,566)</u>	<u>(45,299)</u>	<u>(246,437)</u>	<u>1,973</u>
Excess (deficiency) of receipts over (under) disbursements	<u>65,385</u>	<u>(1,472)</u>	<u>(61,718)</u>	<u>2,195</u>	<u>7,598</u>
Capital contributions and transfers:					
Capital contributions - intergovernmental	-	28,773	-	28,773	-
Transfers out	-	-	(11,208)	(11,208)	-
Total capital contributions and transfers	<u>-</u>	<u>28,773</u>	<u>(11,208)</u>	<u>17,565</u>	<u>-</u>
Net change in cash balances	65,385	27,301	(72,926)	19,760	7,598
Cash balances beginning of year	<u>833,217</u>	<u>943,989</u>	<u>336,843</u>	<u>2,114,049</u>	<u>54,848</u>
Cash balances end of year	<u>\$ 898,602</u>	<u>971,290</u>	<u>263,917</u>	<u>2,133,809</u>	<u>62,446</u>
Cash Basis Fund Balances					
Reserved for debt service	\$ 86,438	395,738	198,142	680,318	-
Unreserved	<u>812,164</u>	<u>575,552</u>	<u>65,775</u>	<u>1,453,491</u>	<u>62,446</u>
Total cash basis fund balances	<u>\$ 898,602</u>	<u>971,290</u>	<u>263,917</u>	<u>2,133,809</u>	<u>62,446</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, 2007

Total enterprise funds cash balances (page 20) \$ 2,133,809

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

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

33,757

Cash basis net assets of business type activities (page 15)

\$ 2,167,566

Net change in cash balances (page 20)

\$ 19,760

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

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

3,444

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

\$ 23,204

See notes to financial statements.

City of Carlisle

Notes to Financial Statements

June 30, 2007

(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.

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

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the community and economic development function.

(2) Cash and Pooled Investments

The City's deposits in banks and credit unions at June 30, 2007 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, as amended by Statement No. 40.

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds		General Obligation Capital Loan Notes		Revenue Capital Loan Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
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	220,000	33,348	65,000	7,643	100,000	12,245
2013-2017	585,000	66,191	135,000	8,070	215,000	12,895
Total	\$ 1,720,000	323,679	605,000	75,560	685,000	104,925

Year Ending June 30,	Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
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	35,000	2,748	420,000	55,984
2013-2017	35,000	1,400	970,000	88,556
Total	\$ 300,000	33,254	3,310,000	537,418

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, 2007, 2006 and 2005 were \$59,112, \$60,543 and \$57,329, 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, 2007, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 52,000
Compensatory time	<u>47,000</u>
Total	<u>\$ 99,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2007.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	\$ 52,298
Debt Service	Capital Projects	2,505
	Enterprise: Electric	11,208
Total		<u>\$ 66,011</u>

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 Select Benefit Administrators (SBA).

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 SBA. The City's contribution to the fund for the year ended June 30, 2007 was \$12,435.

(9) Deficit Balances

The Capital Projects, REAP Grant - Wetlands and Aquatic Center Pool accounts had deficit balances of \$6,351 and \$65,527, respectively at June 30, 2007. The deficit balances were a result of project costs incurred prior to availability of funds. The deficits will be eliminated upon receipt of grant and donation proceeds, respectively. Also, the Special Revenue, Urban Renewal Tax Increment Fund had a deficit balance of \$6,651. The deficit balance was a result of the City not receiving TIF receipts in fiscal year 2007. The deficit will be eliminated by TIF receipts in fiscal year 2008.

(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, 2007, the City rebated \$16,318 of incremental taxes to the developer. The cumulative amount rebated to the developer from November 2002 through June 30, 2007 was \$80,412. No bonds or notes were issued for this construction project.

(11) Litigation

The City is a defendant in several lawsuits seeking specified and unspecified amounts of damages. The probability of loss, if any, is undeterminable.

(12) Subsequent Event

In August 2007, the City Council awarded a contract for Section 1 of the Northwest Area Sanitary Sewer Extension to Synergy Contracting, LLC for \$1,278,015.

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, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,224,101	-	-
Other city tax	15,994	-	-
Licenses and permits	37,643	-	-
Use of money and property	59,702	78,859	(1,973)
Intergovernmental	398,418	28,773	-
Charges for service	355,109	2,458,304	-
Special assessments	17,539	-	-
Miscellaneous	279,504	150,805	(12,435)
Total receipts	2,388,010	2,716,741	(14,408)
Disbursements:			
Public safety	604,041	1,491	(1,491)
Public works	474,361	889	(889)
Health and social services	2,265	-	-
Culture and recreation	395,143	261	(261)
Community and economic development	29,545	-	-
General government	99,098	-	-
Debt service	443,688	-	-
Capital projects	71,428	-	-
Business type activities	-	2,675,534	(4,169)
Total disbursements	2,119,569	2,678,175	(6,810)
Excess (deficiency) of receipts over (under) disbursements	268,441	38,566	(7,598)
Other financing sources (uses), net	11,208	(11,208)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	279,649	27,358	(7,598)
Balances beginning of year	1,001,963	2,168,897	(54,848)
Balances end of year	\$ 1,281,612	2,196,255	(62,446)

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,224,101	1,209,727	1,209,727	14,374
15,994	14,680	14,680	1,314
37,643	64,600	64,600	(26,957)
136,588	18,760	18,760	117,828
427,191	1,858,044	1,866,763	(1,439,572)
2,813,413	3,303,165	3,303,165	(489,752)
17,539	18,855	18,855	(1,316)
417,874	63,000	121,051	296,823
5,090,343	6,550,831	6,617,601	(1,527,258)
604,041	652,333	656,483	52,442
474,361	497,308	497,308	22,947
2,265	2,500	2,500	235
395,143	412,123	468,170	73,027
29,545	24,694	24,694	(4,851)
99,098	184,682	184,682	85,584
443,688	443,891	444,441	753
71,428	87,552	97,831	26,403
2,671,365	5,772,521	5,772,521	3,101,156
4,790,934	8,077,604	8,148,630	3,357,696
299,409	(1,526,773)	(1,531,029)	1,830,438
-	1,274,000	1,274,000	(1,274,000)
299,409	(252,773)	(257,029)	556,438
3,116,012	2,907,215	2,907,215	208,797
3,415,421	2,654,442	2,650,186	765,235

City of Carlisle

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$71,026. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the community and economic development function.

Other Supplementary Information

City of Carlisle

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

As of and for the year ended June 30, 2007

	Special Revenue		
		Gifts and Bequests	Urban Renewal Tax Increment
	Employee Benefits		
Receipts:			
Property tax	\$ 51,637	-	-
Other city tax	661	-	-
Use of money and property	-	3,004	-
Miscellaneous	-	94,869	-
Total receipts	52,298	97,873	-
Disbursements:			
Operating:			
Public safety	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	16,318
Total disbursements	-	-	16,318
Excess (deficiency) of receipts over (under) disbursements	52,298	97,873	(16,318)
Other financing uses:			
Operating transfers out	(52,298)	-	-
Net change in cash balances	-	97,873	(16,318)
Cash balances beginning of year	-	29,819	9,667
Cash balances end of year	\$ -	127,692	(6,651)
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ -	127,692	(6,651)
Permanent fund	-	-	-
Total cash basis fund balances	\$ -	127,692	(6,651)

See accompanying independent auditor's report.

Friends of the Library	Carlisle Volunteer Fire Department	Permanent		Total
		Cemetery Perpetual Care		
-	-	-		51,637
-	-	-		661
109	50	-		3,163
4,883	4,203	1,025		104,980
4,992	4,253	1,025		160,441
-	2,745	-		2,745
4,749	-	-		4,749
-	-	-		16,318
4,749	2,745	-		23,812
243	1,508	1,025		136,629
-	-	-		(52,298)
243	1,508	1,025		84,331
11,174	7,257	30,978		88,895
11,417	8,765	32,003		173,226
11,417	8,765	-		141,223
-	-	32,003		32,003
11,417	8,765	32,003		173,226

City of Carlisle
Schedule of Indebtedness
Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
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
Total			
General obligation capital loan notes:			
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
Total			
Revenue capital loan notes:			
Sewer refunding	Nov 1, 2003	2.10-4.00%	\$ 1,015,000
Revenue bonds:			
Electric	Dec 1, 1998	4.30-4.45%	\$ 610,000
Water	Oct 1, 2003	2.75-4.00	280,000
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
555,000	-	70,000	485,000	24,625
145,000	-	50,000	95,000	7,323
280,000	-	40,000	240,000	12,732
970,000	-	70,000	900,000	34,240
\$ 1,950,000	-	230,000	1,720,000	78,920
465,000	-	45,000	420,000	15,618
250,000	-	65,000	185,000	6,750
\$ 715,000	-	110,000	605,000	22,368
770,000	-	85,000	685,000	26,140
155,000	-	50,000	105,000	6,823
225,000	-	30,000	195,000	7,730
\$ 380,000	-	80,000	300,000	14,553

City of Carlisle
Bond and Note Maturities
June 30, 2007

General Obligation Bonds								
Year Ending June 30,	Issued Dec 1, 1998		Issued Oct 1, 1999		Issued Jul 1, 2001		Issued Oct 15, 2004	
	Interest		Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2008	4.25%	\$ 70,000	5.05%	\$ 45,000	4.35%	\$ 45,000	2.75%	\$ 75,000
2009	4.30	75,000	5.10	50,000	4.50	45,000	2.80	80,000
2010	4.40	80,000	-	-	4.60	50,000	3.20	80,000
2011	4.50	85,000	-	-	4.70	50,000	3.40	85,000
2012	4.60	85,000	-	-	4.80	50,000	3.60	85,000
2013	4.70	90,000	-	-	-	-	3.75	90,000
2014	-	-	-	-	-	-	3.85	95,000
2015	-	-	-	-	-	-	4.00	100,000
2016	-	-	-	-	-	-	4.10	105,000
2017	-	-	-	-	-	-	4.20	105,000
Total		<u>\$ 485,000</u>		<u>\$ 95,000</u>		<u>\$ 240,000</u>		<u>\$ 900,000</u>

Year Ending June 30,	Revenue Capital Loan Notes		Revenue Bonds				Total
	Issued Nov 1, 2003		Electric		Water		
	Interest		Issued Dec 1, 1998		Issued Oct 1, 2003		
	Rates	Amount	Rates	Amount	Rates	Amount	
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
2011	3.50	95,000	-	-	3.65	35,000	35,000
2012	3.75	100,000	-	-	3.85	35,000	35,000
2013	3.90	105,000	-	-	4.00	35,000	35,000
2014	4.00	110,000	-	-	-	-	-
Total		<u>\$ 685,000</u>		<u>\$ 105,000</u>		<u>\$ 195,000</u>	<u>300,000</u>

See accompanying independent auditor's report.

General Obligation Capital Loan Notes						
Issued Oct 1, 2003			Issued Nov 1, 2004			
Total	Interest		Interest		Total	
	Rates	Amount	Rates	Amount		
\$ 235,000	2.75%	\$ 50,000	2.60%	\$ 60,000	110,000	
250,000	3.00	50,000	2.80	60,000	110,000	
210,000	3.25	60,000	3.00	65,000	125,000	
220,000	3.45	60,000		-	60,000	
220,000	3.65	65,000		-	65,000	
180,000	3.80	65,000		-	65,000	
95,000	4.00	70,000		-	70,000	
100,000		-		-	-	
105,000		-		-	-	
105,000		-		-	-	
<u>\$ 1,720,000</u>		<u>\$ 420,000</u>		<u>\$ 185,000</u>	<u>605,000</u>	

Schedule 4

City of Carlisle

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

For the Last Five Years

	2007	2006	2005	2004	2003
Receipts:					
Property tax	\$ 1,224,101	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	15,994	16,809	14,345	16,138	13,389
Licenses and permits	37,643	99,885	60,726	49,296	51,173
Use of money and property	59,702	43,293	40,466	23,999	47,053
Intergovernmental	398,418	375,991	1,031,293	617,781	378,410
Charges for service	355,109	355,014	251,729	222,396	211,970
Special assessments	17,539	22,153	22,777	40,360	40,369
Miscellaneous	279,504	291,774	278,245	178,546	104,090
Total	\$ 2,388,010	2,401,131	2,795,375	2,188,624	1,858,103
Disbursements:					
Operating:					
Public safety	\$ 604,041	578,902	576,172	637,225	530,542
Public works	474,361	443,500	456,976	442,841	415,834
Health and social services	2,265	2,357	2,062	2,452	1,224
Culture and recreation	395,143	389,963	245,198	229,366	238,693
Community and economic development	29,545	24,301	31,573	26,387	22,667
General government	99,098	179,024	134,841	119,916	129,550
Debt service	443,688	438,610	681,267	592,915	303,553
Capital projects	71,428	266,664	1,842,637	1,363,375	396,976
Total	\$ 2,119,569	2,323,321	3,970,726	3,414,477	2,039,039

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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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, 2007, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 16, 2007. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Carlisle's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Carlisle's financial statements that is more than inconsequential will not be prevented or detected by the City of Carlisle's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Carlisle's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item A is a material weakness.

Compliance and Other Matters

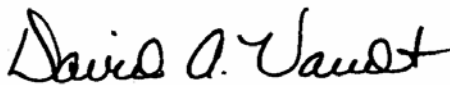
As part of obtaining reasonable assurance about whether the City of Carlisle's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

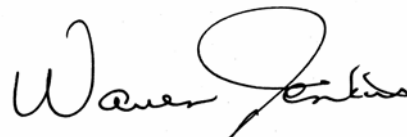
The City of Carlisle's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Carlisle's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Carlisle and other parties to whom the City of Carlisle may report. 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

October 16, 2007

City of Carlisle

Schedule of Findings

Year ended June 30, 2007

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (A) Segregation of Duties – One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

One individual has control over each of the following areas:

- (1) Receipts – collecting, depositing, posting and reconciling (Aquatic Center and Friends of the Library).
- (2) Disbursements – posting and reconciling (Friends of the Library).

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Aquatic Center and the Friends of the Library should review their operating procedures to obtain the maximum internal control possible under the circumstances. Additionally, at the Aquatic Center, a periodic inventory should be performed by a person independent of the person who has custody and performs record keeping duties for inventory. Those procedures should then be incorporated into an accounting policies and procedures manual.

Response – Internal control procedures for the Friends of the Library and the Aquatic Center (including inventory) will be established.

Conclusion – Response accepted.

- (B) Lack of Written Policies and Procedures – The City currently does not have written policies for the issuance of City provided credit cards and store lines of credit. In addition, for certain store lines of credit, the City does not limit the purchasing capabilities on lines of credit to key personnel.

Also, the City has not adopted a written disaster recovery plan.

Recommendation – The City should develop written policies and procedures for City provided credit cards and store lines of credit. Additionally, for store lines of credit, the City should limit the purchasing capabilities on lines of credit to key personnel. Also, the City should adopt a written disaster recovery plan.

Response – The City will develop and implement a credit card (line-of-credit) policy. The disaster recovery plan will be adopted by the Council.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2007

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Carlisle

Schedule of Findings

Year ended June 30, 2007

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 exceeded the amount budgeted in the community and economic development function. 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.”

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 – This was an expense that came up after the last filing date for budget amendments that could not be held until the new budget year. In the future, the City will amend the budget before disbursements are exceeded.

Conclusion – Response accepted.

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

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Carlisle Foods	Food and supplies for Fire Department Summer Family Picnic	\$ 450

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

Recommendation - The City should consider and document the public purpose of these disbursements. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response – A policy and procedures plan will be developed.

Conclusion – Response accepted.

- (3) 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, 2007

- (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	\$ 892
Jim Shoning, Fire Department Administrative Assistant, owner of Carlisle Photo	Computer and photography supplies	550

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

For nine of twelve 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, Reap Grant and Aquatic Center Pool accounts and the Special Revenue, Urban Renewal Tax Increment Fund had deficit balances of \$6,351, \$65,527, and \$6,651, respectively.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – A loan will be obtained for the balance due for the Aquatic Center Pool Fund after an amount is determined for outstanding pledges. The City has filed the Indebtedness Certification Report with the County to levy a tax to pay the TIF deficit in 2007-08. It is anticipated that a planned flood plain mitigation project will result

City of Carlisle

Schedule of Findings

Year ended June 30, 2007

in the creation of a buildable site on the REAP grant property than can be used for commercial development. The proceeds from the development will be used to pay for the mitigation and will reimburse the deficit balance in the Capital Project REAP grant fund.

Conclusion – Response accepted.

- (10) Tax Increment Financing (TIF) – The City receives incremental property tax to aid economic development in the Carlisle Urban Renewal Area. The City did not file the Indebtedness Certification report with the County Auditor by the December 1 deadline and did not receive tax increment financing funds in FY 2007, resulting in a deficit balance for the TIF Fund.

Recommendation – The City should file the Indebtedness Certification report with the County Auditor by December 1 to ensure the receipt of tax increment financing funds.

Response – The City has filed the Indebtedness Certification report.

Conclusion – Response accepted.

- (11) Sales Tax Refund – The City did not apply for a sales tax refund on material used in the Aquatic Center project. Claims for refund must be filed with the Department of Revenue within one year after completion of a project.

Recommendation – The City should apply for all sales tax refunds available on a timely basis.

Response – The claim for sales tax refunds will be filed on a timely basis in the future.

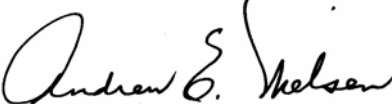
Conclusion – Response accepted.

City of Carlisle

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
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Jeffrey L. Lenhart, Staff Auditor
Jenny M. Podrebarac, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State