



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 14, 2012

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 \$9,667,142 for the year ended June 30, 2011, a 45% increase over the prior year. The receipts included \$1,473,454 in property tax, \$3,684,442 from charges for service, \$463,157 from operating grants, contributions and restricted interest, \$1,165,961 from capital grants, contributions and restricted interest, \$24,340 from unrestricted interest on investments, \$2,784,245 from the sale of general obligation capital loan and grant anticipation project notes and \$71,543 from other general receipts.

Disbursements for the year totaled \$5,094,207, a 395 decrease from the prior year, and included \$1,457,253 for capital projects, \$1,280,000 to refund or redeem general obligation capital loan and grant anticipation project notes, \$782,552 for public safety and \$496,952 for public works. Also, disbursements for business type activities totaled \$3,008,195.

The significant increase in receipts is due primarily to the City receiving proceeds from the issuance of general obligation capital loan and grant anticipation project notes in fiscal year 2011, as well as receiving capital grants for construction projects. The significant decrease in disbursements is due primarily to a decrease in business type activities capital projects.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of the Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1120-0870-B00F.pdf>.

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CITY OF CARLISLE

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

JUNE 30, 2011

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City of Carlisle

Officials

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

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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, 2011, 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.

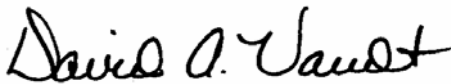
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2011, and the respective changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

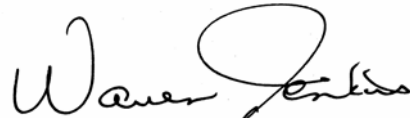
In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2012 on our consideration of the City of Carlisle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carlisle's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 21, 2012

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, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 69%, or approximately \$2,515,000, from fiscal year 2010 to fiscal year 2011, primarily due to the issuance of general obligation capital loan and grant anticipation project notes and the receipt of capital grants for construction projects.
- The City's governmental activities disbursements increased 72%, or approximately \$2,133,000, from fiscal year 2010 to fiscal year 2011. The City refunded or redeemed \$1,280,000 of general obligation capital loan and grant anticipation project notes. Capital projects function disbursements increased approximately \$914,000, primarily due to the County Line Road reconstruction, the Volunteer Creek and the S. 5th Street projects.
- The City's governmental activities cash balance at June 30, 2011 increased 62.3%, or approximately \$1,053,000, from June 30, 2010. The increase is primarily due to the issuance of the general obligation capital loan notes. As of June 30, 2011, the City had not spent all of the note proceeds.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

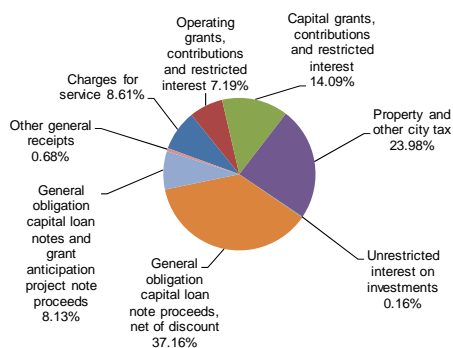
Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

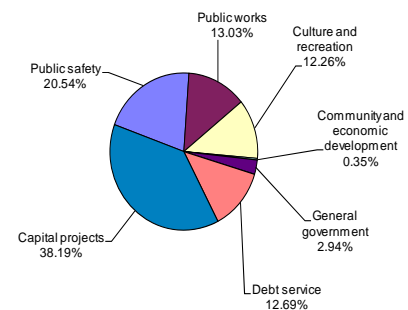
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased sharply from a year ago, increasing approximately \$1.053 million to approximately \$2.743 million. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service	\$ 529	435
Operating grants, contributions and restricted interest	442	535
Capital grants, contributions and restricted interest	866	14
General receipts:		
Property and other city tax	1,474	1,402
Unrestricted interest on investments	10	12
General obligation capital loan note proceeds, net of discount	2,284	-
General obligation capital loan note and grant anticipation project note proceeds	500	1,216
Other general receipts	42	18
Total receipts	6,147	3,632
Disbursements:		
Operating:		
Public safety	783	793
Public works	497	532
Culture and recreation	468	458
Community and economic development	13	21
General government	112	136
Debt service	484	478
Capital projects	1,457	543
General obligation capital loan and grant anticipation project notes refunded or redeemed	1,280	-
Total disbursements	5,094	2,961
Change in cash basis net assets	1,053	671
Cash basis net assets beginning of year	1,690	1,019
Cash basis net assets end of year	\$ 2,743	1,690

Receipts by Source



Disbursements by Function



Total governmental activities receipts for the fiscal year were approximately \$6.147 million. The cash balance increased approximately \$1.053 million over the prior year, primarily due to the issuance of the general obligation capital loan notes. As of June 30, 2011, the City had not spent all of the note proceeds.

Changes in Cash Basis Net Assets of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 479	484
Sewer	738	613
Electric	2,019	1,634
Operating grants and contributions:		
Sewer	21	-
Capital grants and contributions:		
Water	-	218
Sewer	220	-
General receipts:		
Unrestricted interest on investments	14	37
Miscellaneous	30	39
Total receipts	<u>3,521</u>	<u>3,025</u>
Disbursements:		
Water	484	633
Sewer	956	3,133
Electric	1,568	1,568
Total disbursements	<u>3,008</u>	<u>5,334</u>
Change in cash basis net assets	513	(2,309)
Cash basis net assets beginning of year	359	2,668
Cash basis net assets end of year	<u>\$ 872</u>	<u>359</u>

Total business type activities receipts for the fiscal year were approximately \$3.521 million compared to approximately \$3.025 million last year. The significant increase is due primarily to an increase in electric rates. Business type activities disbursements decreased \$2.326 million. The significant decrease is due primarily to the sewer capital projects, which were mostly completed in fiscal year 2010.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$2,714,112, an increase of \$1,059,560 from last year's total of \$1,654,552. 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 \$286,294 from the prior year, resulting in an ending cash balance of \$899,831 at June 30, 2011. This increase was due to an increase in receipts from the issuance of general obligation capital loan notes, charges for service, property tax and intergovernmental receipts.

- The Special Revenue, Road Use Tax Fund cash balance increased \$1,516 during the fiscal year to \$172,023 at June 30, 2011. There were no significant changes in receipts or disbursements during the fiscal year.
- The Debt Service Fund cash balance increased \$27,940 to \$182,328 at June 30, 2011. This is primarily due to an increase in property tax receipts.
- The Capital Projects Fund cash balance increased \$736,635 to \$1,274,058 at June 30, 2011. The City issued general obligation capital loan grant anticipation project notes for various capital projects, much of which had not been spent as of June 30, 2011.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$114,407 from the prior year to \$657,714. This increase is due to a decrease in capital projects disbursements from fiscal year 2010.
- The Enterprise, Sewer Fund cash balance decreased \$51,953 from the prior year to \$(346,649). The decrease in cash balance occurred because total disbursements exceeded total receipts for the year. Although total disbursements decreased significantly due to the completion of the Avon sewer project, disbursements still exceeded receipts because of capital project disbursements.
- The Enterprise, Electric Fund cash balance increased \$458,761 to \$533,645 during the fiscal year. This increase is due to an increase in electric rates and an increase in the monthly service charge.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on June 13, 2011 and resulted in an increase of \$48,158 in receipts, primarily related to EMS charges and an insurance premium refund. Budgeted disbursements increased \$78,739 due to vehicle maintenance, equipment purchases, uniforms, employee salaries and roof repair.

The City's total receipts were \$40,105 less than budgeted, mainly due to grant reimbursements for capital projects not received until after year end which the City had budgeted for during the current year.

Total disbursements were \$735,979 less than budgeted. Actual disbursements for business type activities were \$725,122 less than budgeted, mainly due to a decrease in the cost of purchased power as the City switched companies during the year. Public works function disbursements were \$294,695 less than budgeted due to a decrease in solid waste collection costs, and lower than budgeted costs for payroll and benefits, repair and maintenance and equipment purchases. Capital projects function disbursements were \$536,253 more than budgeted due to the City not properly amending its budget for project costs.

DEBT ADMINISTRATION

At June 30, 2011, the City had \$5,925,000 in bonds and other long-term debt outstanding, compared to \$5,020,000 last year, as shown below:

	Outstanding Debt at Year-End	
	(Expressed in Thousands)	
	June 30,	
	2011	2010
General obligation bonds	\$ -	665
General obligation capital loan notes	3,580	1,585
Revenue capital loan notes	2,275	2,465
Revenue bonds	70	105
General obligation capital loan and grant anticipation project notes	-	200
Total	\$ 5,925	5,020

Debt increased as a result of a current year debt issue.

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 \$3,580,000, excluding the annual payments on a \$63,600 tax increment financing rebate agreement, is significantly below its constitutional debt limit of approximately \$9.6 million.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget. One of those factors is the economy. The City's total assessed valuations have increased slightly. However, funding from the State has decreased due to the State's budget constraints. The Council worked hard to retain the same tax rate for fiscal year 2012 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, 2011

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 782,552	125,661	56,343	-
Public works	496,952	212,927	330,580	-
Culture and recreation	468,050	90,201	44,265	-
Community and economic development	13,272	50	1,261	-
General government	112,494	19,876	4,079	-
Debt service	483,634	-	5,461	-
Capital projects	1,457,253	-	-	946,243
Total governmental activities	3,814,207	448,715	441,989	946,243
Business type activities:				
Water	483,529	478,795	-	-
Sewer	956,423	738,332	20,952	219,718
Electric	1,568,243	2,018,600	216	-
Total business type activities	3,008,195	3,235,727	21,168	219,718
Total	\$ 6,822,402	3,684,442	463,157	1,165,961

General Receipts:

Property and other city tax levied for:

General purposes

Debt service

Unrestricted interest on investments

General obligation capital loan note proceeds, net of \$15,755 discount

General obligation capital loan note refunded

General obligation capital loan and grant anticipation project note proceeds

General obligation capital loan and grant anticipation project notes redeemed

Miscellaneous

Total general receipts

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:

Nonexpendable:

Cemetery perpetual care

Expendable:

Urban renewal purposes

Debt service

Streets

Capital projects

Other purposes

Unrestricted

Total cash basis net assets

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(600,548)	-	(600,548)
46,555	-	46,555
(333,584)	-	(333,584)
(11,961)	-	(11,961)
(88,539)	-	(88,539)
(478,173)	-	(478,173)
(511,010)	-	(511,010)
(1,977,260)	-	(1,977,260)
-	(4,734)	(4,734)
-	22,579	22,579
-	450,573	450,573
-	468,418	468,418
(1,977,260)	468,418	(1,508,842)
993,915	-	993,915
479,539	-	479,539
10,368	13,972	24,340
2,284,245	-	2,284,245
(580,000)	-	(580,000)
500,000	-	500,000
(700,000)	-	(700,000)
41,672	29,871	71,543
3,029,739	43,843	3,073,582
1,052,479	512,261	1,564,740
1,690,175	359,580	2,049,755
\$ 2,742,654	871,841	3,614,495
\$ 38,334	-	38,334
18,181	-	18,181
182,328	457,518	639,846
172,023	-	172,023
1,274,058	-	1,274,058
129,357	-	129,357
928,373	414,323	1,342,696
\$ 2,742,654	871,841	3,614,495

City of Carlisle

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

As of and for the year ended June 30, 2011

	General	Special Revenue Road Use Tax
Receipts:		
Property tax	\$ 903,567	-
Other city tax	14,009	-
Licenses and permits	43,148	-
Use of money and property	25,095	-
Intergovernmental	75,962	330,580
Charges for service	381,035	-
Special assessments	-	-
Miscellaneous	50,615	2,123
Total receipts	<u>1,493,431</u>	<u>332,703</u>
Disbursements:		
Operating:		
Public safety	769,626	-
Public works	179,178	315,913
Culture and recreation	454,206	-
Community and economic development	13,272	-
General government	112,494	-
Debt service	-	-
Capital projects	-	-
Total disbursements	<u>1,528,776</u>	<u>315,913</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(35,345)</u>	<u>16,790</u>
Other financing sources (uses):		
General obligation capital loan and grant anticipation project note proceeds	-	-
General obligation capital loan and grant anticipation project notes redeemed	-	-
General obligation capital loan note proceeds, net of \$15,755 discount	262,212	-
General obligation capital loan note refunded	-	-
Operating transfers in	76,339	-
Operating transfers out	(16,912)	(15,274)
Total other financing sources (uses)	<u>321,639</u>	<u>(15,274)</u>
Net change in cash balances	286,294	1,516
Cash balances beginning of year	613,537	170,507
Cash balances end of year	<u>\$ 899,831</u>	<u>172,023</u>
Cash Basis Fund Balances		
Nonspendable - Cemetary perpetual care	\$ -	-
Restricted for:		
Urban renewal purposes	-	-
Debt service	-	-
Streets	-	172,023
Capital projects	-	-
Other purposes	-	-
Unassigned	899,831	-
Total cash basis fund balances	<u>\$ 899,831</u>	<u>172,023</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
474,108	-	76,339	1,454,014
5,431	-	-	19,440
-	-	-	43,148
5,461	954	-	31,510
-	865,241	-	1,271,783
-	-	-	381,035
-	80,000	-	80,000
-	48	27,875	80,661
485,000	946,243	104,214	3,361,591
-	-	8,014	777,640
-	-	-	495,091
-	-	12,686	466,892
-	-	-	13,272
-	-	-	112,494
457,060	26,574	-	483,634
-	1,457,253	-	1,457,253
457,060	1,483,827	20,700	3,806,276
27,940	(537,584)	83,514	(444,685)
-	500,000	-	500,000
-	(700,000)	-	(700,000)
580,000	1,442,033	-	2,284,245
(580,000)	-	-	(580,000)
-	32,186	-	108,525
-	-	(76,339)	(108,525)
-	1,274,219	(76,339)	1,504,245
27,940	736,635	7,175	1,059,560
154,388	537,423	178,697	1,654,552
182,328	1,274,058	185,872	2,714,112
-	-	38,334	38,334
-	-	18,181	18,181
182,328	-	-	182,328
-	-	-	172,023
-	1,274,058	-	1,274,058
-	-	129,357	129,357
-	-	-	899,831
182,328	1,274,058	185,872	2,714,112

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, 2011

Total governmental funds cash balances (page 17) \$ 2,714,112

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

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

28,542

Cash basis net assets of governmental activities (page 15) \$ 2,742,654

Net change in cash balances (page 17) \$ 1,059,560

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.

(7,081)

Change in cash basis net assets of governmental activities (page 15) \$ 1,052,479

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, 2011

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	Self Funded Insurance
Operating receipts:					
Charges for service	\$ 478,795	738,332	2,018,600	3,235,727	-
Miscellaneous	-	-	216	216	13,952
Total operating receipts	478,795	738,332	2,018,816	3,235,943	13,952
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	8,970
Public works	-	-	-	-	3,398
Culture and recreation	-	-	-	-	2,115
Business type activities	424,914	294,305	1,563,959	2,283,178	16,354
Total operating disbursements	424,914	294,305	1,563,959	2,283,178	30,837
Excess (deficiency) of operating receipts over (under) operating disbursements	53,881	444,027	454,857	952,765	(16,885)
Non-operating receipts (disbursements):					
Intergovernmental	-	240,670	-	240,670	-
Interest on investments	9,938	130	3,904	13,972	850
Miscellaneous	29,871	-	-	29,871	-
Debt service	(39,475)	(285,168)	-	(324,643)	-
Capital projects	(16,805)	(374,615)	-	(391,420)	-
Total non-operating receipts (disbursements)	(16,471)	(418,983)	3,904	(431,550)	850
Excess (deficiency) of receipts over (under) disbursements	37,410	25,044	458,761	521,215	(16,035)
Other financing sources (uses):					
Operating transfers in	76,997	-	-	76,997	-
Operating transfers out	-	(76,997)	-	(76,997)	-
Total other financing sources (uses)	76,997	(76,997)	-	-	-
Net change in cash balances	114,407	(51,953)	458,761	521,215	(16,035)
Cash balances beginning of year	543,307	(294,696)	74,884	323,495	71,708
Cash balances end of year	\$ 657,714	(346,649)	533,645	844,710	55,673
Cash Basis Fund Balances					
Restricted for debt service	\$ 53,791	403,727	-	457,518	-
Unrestricted	603,923	(750,376)	533,645	387,192	55,673
Total cash basis fund balances	\$ 657,714	(346,649)	533,645	844,710	55,673

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, 2011

Total enterprise funds cash balances (page 20) \$ 844,710

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

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

27,131

Cash basis net assets of business type activities (page 15) \$ 871,841

Net change in cash balances (page 20) \$ 521,215

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.

(8,954)

Change in cash basis net assets of business type activities (page 15) \$ 512,261

See notes to financial statements.

City of Carlisle

Notes to Financial Statements

June 30, 2011

(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 Firemen's Enterprises Corporation 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 Firemen's Enterprises Corporation and Friends of the Carlisle Library are entities which are legally separate from the City, but are so intertwined with the City they are, in substance, the same as the City. They are reported as part of the City and blended into the appropriate funds.

Jointly Governed Organizations

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The Special Revenue, Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

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

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

The City reports the following major proprietary funds:

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

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

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

The City also reports the following additional proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the capital projects function.

(2) Cash and Pooled Investments

The City's deposits in banks and credit unions at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Capital Loan Notes		Revenue Capital Loan Notes	
	Principal	Interest	Principal	Interest
	2012	\$ 420,000	91,752	190,000
2013	465,000	80,478	195,000	81,603
2014	405,000	71,453	205,000	74,538
2015	360,000	63,733	155,000	66,861
2016	370,000	56,540	160,000	61,280
2017-2021	1,385,000	144,755	930,000	207,788
2022-2023	175,000	6,388	440,000	27,823
Total	\$ 3,580,000	515,099	2,275,000	608,081

Year Ending June 30,	Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
	2012	\$ 35,000	2,748	645,000
2013	35,000	1,400	695,000	163,481
2014	-	-	610,000	145,991
2015	-	-	515,000	130,594
2016	-	-	530,000	117,820
2017-2021	-	-	2,315,000	352,543
2022-2023	-	-	615,000	34,211
Total	\$ 70,000	4,148	5,925,000	1,127,328

Revenue Bonds and Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$3,160,000 of sewer revenue capital loan notes issued November 1, 2003 and May 28, 2008. The notes were issued for the purpose of paying the costs of improvements and extensions of the sewer system. The notes are payable solely and only out of the net earnings of the Sewer Utility System and are payable through 2023. The total principal and interest remaining to be paid on the notes is \$2,883,081. For the current year, sewer revenue capital loan note principal and interest paid and total customer net receipts were \$284,268 and \$444,027, respectively. Annual principal and interest payments on these sewer revenue notes are expected to require approximately 64% of net receipts.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$280,000 of water revenue bonds issued October 1, 2003. The bonds were issued for the purpose of paying the costs of improvements and extensions of the water system. The bonds are payable solely and only out of the net earnings of the Water Utility System and are payable through 2013. The total principal and interest remaining to be paid on the bonds is \$74,148. For the current year, principal and interest paid and total customer net receipts were \$39,025 and \$53,881, respectively. Annual principal and interest payments on these water revenue bonds are expected to require approximately 72% of net receipts.

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

- (1) The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the bond and note holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate water and sewer revenue sinking accounts within the Enterprise Funds for the purpose of making the bond and note principal and interest payments when due.
- (3) Additional monthly transfers shall be made to separate water and sewer reserve accounts until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying bond and note principal and interest payments when insufficient money is available in the sinking accounts.
- (4) Water and sewer user rates shall be established at a level which produces net revenues at a level not less than 125% of the amount of principal and interest due on the bonds and notes during the same year.
- (5) For the sewer revenue capital loan notes, an amount equal to \$279,537 shall be deposited in the reserve account.

On May 10, 2011, the City issued \$2,300,000 of general obligation capital loan notes for the purpose of paying the costs of street improvements, including S. 5th Street rehabilitation and the County Line Road reconstruction project, improvements to City parks, including the Lindhardt Road overlay project, equipping the police department, including acquisition of cars, cards and router, storm water improvements, including the Volunteer Creek detention project and improvements to City Hall, the Community Building and the City Library. In addition, the notes were issued to refund on June 1, 2011 \$580,000 of the outstanding general obligation bonds, series 2004A, dated October 15, 2004, maturing 2012 through 2017. The notes mature on June 1, 2022.

On June 4, 2010, the City authorized up to \$1,000,000 of general obligation capital loan and grant anticipation project notes for the purpose of paying the cost of street and paving improvements, storm and sanitary sewer improvements, including related site work for the County Line Road reconstruction project, pledging for the payment

thereof the Capital Projects Fund of the City. The notes matured and were redeemed on June 1, 2011. The City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$37,900.

(4) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% 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, 2011, 2010 and 2009 were \$80,241, \$73,214 and \$69,690, respectively, equal to the required contributions for each year.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug, vision and dental benefits for employees and retirees and their spouses. There are 22 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug and vision benefits are provided through fully-insured plans with Wellmark and Avesis. The dental benefits are self-funded. Retirees under age 65 pay the same premium for the medical/prescription drug, vision and dental benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$389 for single coverage, \$802 for employee and spouse coverage, \$745 for employee and child coverage and \$1,168 for family coverage. For the year ended June 30, 2011, the City contributed \$152,083 and plan members eligible for benefits contributed \$33,981 to the plan.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. Unused sick leave hours are lost upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned vacation and compensatory time payable to employees at June 30, 2011, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 81,000
Compensatory time	<u>60,000</u>
Total	<u>\$141,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2011.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Employee Benefits	<u>\$ 76,339</u>
Capital Projects	General Special Revenue: Road Use Tax	16,912 <u>15,274</u> <u>32,186</u>
Enterprise: Water	Enterprise: Sewer	<u>76,997</u>
Total		<u><u>\$ 185,522</u></u>

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

(8) Risk Management

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

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

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

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

Monthly payments of service fees and plan contributions to the Internal Service, Self Funded Insurance Fund are recorded as disbursements from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to American Administrators. The City's contribution to the fund for the year ended June 30, 2011 was \$13,952.

(10) Development Agreement

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

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

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

(11) Deficit Balance

The Enterprise, Sewer Fund had a deficit balance of \$346,649 at June 30, 2011. The deficit balance was due, in part, to project costs. The deficit will be reduced due, in part, to increased sewer rates.

(12) Subsequent Events

The City issued \$270,000 general obligation capital loan notes in October 2011 and \$1,026,000 sewer revenue capital loan notes in December 2011. Construction commitments at June 30, 2011 totaled \$1,821,756, which will be paid as work on the projects progress. These projects will be funded through note proceeds, grants and local funds on hand.

City of Carlisle

Required Supplementary Information

City of Carlisle

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

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,454,014	-	-
Tax increment financing	-	-	-
Other city tax	19,440	-	-
Licenses and permits	43,148	-	-
Use of money and property	31,510	14,822	(850)
Intergovernmental	1,271,783	240,670	-
Charges for service	381,035	3,235,727	-
Special assessments	80,000	-	-
Miscellaneous	80,661	44,039	(13,952)
Total receipts	<u>3,361,591</u>	<u>3,535,258</u>	<u>(14,802)</u>
Disbursements:			
Public safety	777,640	8,970	(8,970)
Public works	495,091	3,398	(3,398)
Health and social services	-	-	-
Culture and recreation	466,892	2,115	(2,115)
Community and economic development	13,272	-	-
General government	112,494	-	-
Debt service	483,634	-	-
Capital projects	1,457,253	-	-
Business type activities	-	3,015,595	(16,354)
Total disbursements	<u>3,806,276</u>	<u>3,030,078</u>	<u>(30,837)</u>
Excess (deficiency) of receipts over (under) disbursements	(444,685)	505,180	16,035
Other financing sources (uses), net	<u>1,504,245</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,059,560	505,180	16,035
Balances beginning of year	<u>1,654,552</u>	<u>395,203</u>	<u>(71,708)</u>
Balances end of year	<u>\$ 2,714,112</u>	<u>900,383</u>	<u>(55,673)</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,454,014	1,457,630	1,457,630	(3,616)
-	24,000	24,000	(24,000)
19,440	14,229	14,229	5,211
43,148	45,700	45,700	(2,552)
45,482	16,000	16,000	29,482
1,512,453	1,719,553	1,728,417	(215,964)
3,616,762	3,529,813	3,549,813	66,949
80,000	11,919	11,919	68,081
110,748	55,150	74,444	36,304
6,882,047	6,873,994	6,922,152	(40,105)
777,640	753,156	804,256	26,616
495,091	762,147	789,786	294,695
-	2,500	2,500	2,500
466,892	635,632	635,632	168,740
13,272	36,600	36,600	23,328
112,494	138,745	138,745	26,251
483,634	488,614	488,614	4,980
1,457,253	921,000	921,000	(536,253)
2,999,241	3,724,363	3,724,363	725,122
6,805,517	7,462,757	7,541,496	735,979
76,530	(588,763)	(619,344)	695,874
1,504,245	336,300	352,975	1,151,270
1,580,775	(252,463)	(266,369)	1,847,144
1,978,047	1,111,292	1,111,292	866,755
3,558,822	858,829	844,923	2,713,899

City of Carlisle

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$78,739. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the capital projects function.

Other Supplementary Information

City of Carlisle

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

As of and for the year ended June 30, 2011

	Special Revenue		
	Employee	Gifts	Urban
	Benefits	and	Renewal
		Bequests	Tax
			Increment
Receipts:			
Property tax	\$ 76,339	-	-
Miscellaneous	-	-	-
Total receipts	<u>76,339</u>	<u>-</u>	<u>-</u>
Disbursements:			
Operating:			
Public safety	-	-	-
Culture and recreation	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Excess of receipts over disbursements	76,339	-	-
Other financing uses:			
Operating transfers out	<u>(76,339)</u>	<u>-</u>	<u>-</u>
Net change in cash balances	-	-	-
Cash balances beginning of year	-	1,350	18,181
Cash balances end of year	<u>\$ -</u>	<u>1,350</u>	<u>18,181</u>
Cash Basis Fund Balances			
Nonspendable - Cemetary perpetual care	\$ -	-	-
Restricted for:			
Urban renewal purposes	-	-	18,181
Other purposes	-	1,350	-
Total cash basis fund balances	<u>\$ -</u>	<u>1,350</u>	<u>18,181</u>

See accompanying independent auditor's report.

Friends of the Carlisle Library	Carlisle Firemen's Enterprises Corporation	Permanent		Total
		Cemetery Perpetual Care		
-	-	-		76,339
15,390	10,785	1,700		27,875
15,390	10,785	1,700		104,214
-	8,014	-		8,014
12,686	-	-		12,686
12,686	8,014	-		20,700
2,704	2,771	1,700		83,514
-	-	-		(76,339)
2,704	2,771	1,700		7,175
7,825	114,707	36,634		178,697
10,529	117,478	38,334		185,872
-	-	38,334		38,334
-	-	-		18,181
10,529	117,478	-		129,357
10,529	117,478	38,334		185,872

City of Carlisle
 Schedule of Indebtedness
 Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
General corporate purpose	Oct 15, 2004	2.20-4.20%	\$ 1,035,000
General obligation capital loan notes:			
General obligation capital loan refunding	Apr 28, 2009	1.75-2.80%	\$ 830,000
General obligation capital loan	Oct 14, 2009	1.30-3.70	1,020,000
General obligation capital loan	May 10, 2011	1.50-3.65	2,300,000
Total			
Revenue capital loan notes:			
Sewer refunding	Nov 1, 2003	1.70-4.00%	\$ 1,015,000
Sewer	May 28, 2008	2.65-4.20	2,145,000
Total			
Revenue bonds:			
Water	Oct 1, 2003	2.75-4.00%	\$ 280,000
General obligation capital loan and grant anticipation project notes			
	Jun 4, 2010	4.25%	\$ 1,000,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
665,000	-	665,000	-	25,698
630,000	-	205,000	425,000	14,408
955,000	-	100,000	855,000	25,130
-	2,300,000	-	2,300,000	-
\$ 1,585,000	2,300,000	305,000	3,580,000	39,538
410,000	-	95,000	315,000	15,570
2,055,000	-	95,000	1,960,000	78,698
\$ 2,465,000	-	190,000	2,275,000	94,268
105,000	-	35,000	70,000	4,025
200,000	500,000	700,000	-	26,574

City of Carlisle

City of Carlisle
Bond and Note Maturities
June 30, 2011

Year Ending June 30,	General Obligation Capital Loan Notes						
	Issued April 28, 2009		Issued Oct 14, 2009		Issued May 10, 2011		Total
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2012	2.25%	\$ 205,000	1.75%	\$ 100,000	1.50%	\$ 115,000	420,000
2013	2.50	155,000	2.00	100,000	1.50	210,000	465,000
2014	2.80	65,000	2.30	100,000	1.50	240,000	405,000
2015	-	-	2.60	105,000	1.75	255,000	360,000
2016	-	-	2.90	110,000	2.10	260,000	370,000
2017	-	-	3.20	115,000	2.35	265,000	380,000
2018	-	-	3.40	115,000	2.70	215,000	330,000
2019	-	-	3.70	110,000	2.90	210,000	320,000
2020	-	-	-	-	3.20	175,000	175,000
2021	-	-	-	-	3.40	180,000	180,000
2022	-	-	-	-	3.65	175,000	175,000
Total		<u>\$ 425,000</u>		<u>\$ 855,000</u>		<u>\$2,300,000</u>	<u>3,580,000</u>

Year Ending June 30,	Revenue Capital Loan Notes					Revenue Bonds	
	Sewer Refunding		Sewer		Total	Water	
	Interest Rates	Amount	Interest Rates	Amount		Interest Rates	Amount
2012	3.75%	\$ 100,000	3.15%	\$ 90,000	190,000	3.85%	\$ 35,000
2013	3.90	105,000	3.30	90,000	195,000	4.00	35,000
2014	4.00	110,000	3.45	95,000	205,000	-	-
2015	-	-	3.60	155,000	155,000	-	-
2016	-	-	3.70	160,000	160,000	-	-
2017	-	-	3.80	170,000	170,000	-	-
2018	-	-	3.90	175,000	175,000	-	-
2019	-	-	4.00	185,000	185,000	-	-
2020	-	-	4.05	195,000	195,000	-	-
2021	-	-	4.10	205,000	205,000	-	-
2022	-	-	4.15	215,000	215,000	-	-
2023	-	-	4.20	225,000	225,000	-	-
Total		<u>\$ 315,000</u>		<u>\$ 1,960,000</u>	<u>2,275,000</u>		<u>\$ 70,000</u>

See accompanying independent auditor's report.

City of Carlisle

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

For the Last Nine Years

	2011	2010	2009	2008
Receipts:				
Property tax	\$ 1,454,014	1,387,198	1,325,750	1,234,492
Tax increment financing	-	-	203	24,629
Other city tax	19,440	14,371	14,523	14,614
Licenses and permits	43,148	59,735	86,248	41,854
Use of money and property	31,510	32,261	36,386	51,838
Intergovernmental	1,271,783	383,822	652,675	364,052
Charges for service	381,035	344,293	389,512	358,083
Special assessments	80,000	7,342	15,143	13,728
Miscellaneous	80,661	185,029	105,641	123,907
Total	\$ 3,361,591	2,414,051	2,626,081	2,227,197
Disbursements:				
Operating:				
Public safety	\$ 777,640	791,354	827,433	772,908
Public works	495,091	531,576	513,270	551,279
Health and social services	-	-	338	2,265
Culture and recreation	466,892	457,734	431,013	528,028
Community and economic development	13,272	21,227	20,727	10,683
General government	112,494	135,459	203,105	117,073
Debt service	483,634	477,535	451,566	437,228
Capital projects	1,457,253	543,200	287,689	59,358
Total	\$ 3,806,276	2,958,085	2,735,141	2,478,822

See accompanying independent auditor's report.

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

City of Carlisle

City of Carlisle
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture: Water and Waste Disposal Systems for Rural Communities	10.760		\$ 87,446
Indirect:			
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/State's Program	14.228	04-WS-012-03	7,179
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	EDP-1105(602)--7Y-91	625,165
ARRA - Highway Planning and Construction	20.205	ESL-1105(603)--7S-91	72,001
			<u>697,166</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau: Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 11-410, Task 10	4,234
U.S. Department of Homeland Security: Iowa Department of Public Defense: Iowa Department of Homeland Security and Emergency Management Division: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1930-DRIA	27,276
Total indirect			<u>735,855</u>
Total			<u>\$ 823,301</u>

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

See accompanying independent auditor's report.

City of Carlisle



OFFICE OF AUDITOR OF STATE
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David A. Vaudt, CPA
Auditor of State

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

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated February 21, 2012. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Carlisle's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 through II-C-11 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-D-11 and II-E-11 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

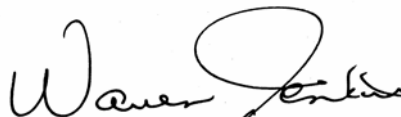
The City of Carlisle's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Carlisle's responses and, accordingly, we express no opinion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

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 21, 2012

**Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

City of Carlisle



OFFICE OF AUDITOR OF STATE
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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the City of Carlisle, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Carlisle's major federal program for the year ended June 30, 2011. The City of Carlisle's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Carlisle's management. Our responsibility is to express an opinion on the City of Carlisle's compliance based on our audit.

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

In our opinion, the City of Carlisle complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

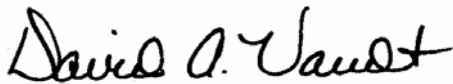
The management of the City of Carlisle is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Carlisle's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Carlisle's internal control over compliance.

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

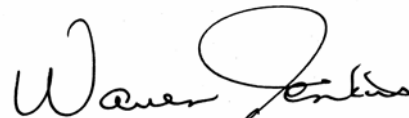
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 21, 2012

City of Carlisle
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Carlisle did not qualify as a low-risk auditee.

City of Carlisle

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Transfers – Certain transfers between funds were not approved by the City Council prior to making the transfer between funds.

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

Response – In the future all transfers between funds will be approved by Council and recorded in the minutes.

Conclusion – Response accepted.

II-B-11 Reconciliation of Utility Billings to Collections and Delinquent Accounts – The City no longer performs utility reconciliations of billings to collections and delinquent accounts.

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

Response – We will establish a monthly reconciliation of utility billings to collections and will submit to the City Council for review on a regular basis.

Conclusion – Response accepted.

II-C-11 Financial Reporting – During the audit, we identified material receipts coded incorrectly in the financial statements. We also identified a material amount of transfers incorrectly coded as adjustments to revenue and fund balance. Adjustments were subsequently made by the City to properly record these amounts in the financial statements.

Recommendation – The City should properly record all transactions.

Response – This was because staff did not understand the “transfer in and out” of government accounting. In the future, these will be coded correctly.

Conclusion – Response accepted.

II-D-11 Segregation of Duties for Separately Maintained Records – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

For the component units of the City (i.e. Friends of the Carlisle Library and the Carlisle Firemen’s Enterprises Corporation), the responsibilities for collection, deposit preparation, cash disbursement and bank reconciliation functions are not properly segregated. These duties are handled by one individual for each component unit. Additionally, there is no independent review of these duties.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, Friends of the Carlisle Library and the Carlisle

City of Carlisle

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Firemen's Enterprises Corporation should review their operating procedures to obtain the maximum internal control possible under the circumstances.

Response – We will ask each component unit to have different people review all transactions.

Conclusion – Response accepted.

- II-E-11 Lack of Written Policies and Procedures – While the City has adopted a written disaster recovery plan, certain items were not included in the plan. Specifically, the plan does not include an inventory of all essential hardware components and software applications, a requirement essential supplies, relevant accounting manuals and other documentation, current system backups and a copy of the disaster recovery plan be located offsite and does not contain a requirement to test the plan annually.

Recommendation – The City should include the above items in its written disaster recovery plan.

Response – The City will continue to develop and maintain the disaster recovery plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Carlisle

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 20.205: Highway Planning and Construction
Pass-through Agency Numbers: EDP-1105(602)--7Y-91 and ESL-1105(603)--7S-91
Federal Award Year: 2011
U.S. Department of Transportation – Federal Highway Administration
Passed through the Iowa Department of Transportation

III-A-11 Cash Management – OMB Circular A-133 requires a review of the City's reimbursement method to evaluate for adequacy. The City's claims for reimbursement of qualified expenditures are not always completed and submitted timely.

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

Response – This will be completed and verified in a timely manner in the future.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amount budgeted in the capital projects 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 – We will make sure all budget amendments are completed before disbursements are made and we will watch all accounts so as to not go over budget.

Conclusion – Response accepted.

IV-B-11 Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

Paid to	Purpose	Amount
Carlisle Foods	Coffee and coffee filters	\$ 148

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

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

Response – This coffee is used primarily for citizens who visit the Public Works Department and for employees who work extended shifts during emergencies.

Conclusion – Response accepted.

IV-C-11 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-11 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	\$ 2,334

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Council Member Merrifield appear to represent a conflict of interest since the total was greater than \$1,500 during the fiscal year.

City of Carlisle

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

Response – Council Member Merrifield no longer does the reporting for the Fire Department, so this will no longer be a problem.

Conclusion – Response accepted.

IV-E-11 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-11 Council Minutes – Except as noted, no transactions were found that we believe should have been approved in the Council minutes but were not.

Although minutes of Council proceedings were published, they were not always published within fifteen days and did not include the total disbursements from each fund, a list of all claims allowed or a summary of all receipts as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should publish minutes within fifteen days as required by Chapter 372.13(6) of the Code of Iowa. The City should also publish the total disbursements from each fund, a listing of all claims allowed and a summary of all receipts, as required.

Response – It is always our desire to publish minutes and disbursements in a timely way. We will continue to strive to complete these tasks.

Conclusion – Response accepted.

IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-11 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

IV-I-11 Financial Condition – The Enterprise, Sewer Fund had a deficit balance of \$346,649 at June 30, 2011.

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

Response – Some of the expenses from the sewer project were incorrectly paid from the sewer enterprise. We have also increased rates and expect this fund to have a surplus balance next year.

Conclusion – Response accepted.

City of Carlisle

Staff

This audit was performed by:

Susan D. Battani, CPA, Director
K. David Voy, CPA, Manager
Jenny M. Podrebarac, Staff Auditor
Gabriel M. Stafford, CPA, Staff Auditor
Gwendolyn R. Kingsbury, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State