CITY OF CARLISLE, KENTUCKY

FINANCIAL REPORT

June 30, 1988 and 1987

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PROCTOR W. BLAIR
CERTIFIED PUBLIC ACCOUNTANT

CITY OF CARLISLE, KENTUCKY
FINANCIAL REPORT
June 30, 1988 and 1987

Mayor Lee Reste and
City Council Members
City of Carlisle, Kentucky

I have examined the general purpose financial statements of the City of Carlisle, Kentucky, and the combining financial statements of the City as of and for the years ended June 30, 1988 and 1987, as listed in the table of contents. My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the general purpose financial statements referred to above present fairly the financial position of the City of Carlisle, Kentucky, at June 30, 1988 and 1987 and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in my opinion, the combining financial statements referred to above present fairly the financial position of each of the individual funds of the City of Carlisle, Kentucky, at June 30, 1988 and 1987 and the results of operations of such funds for the years then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Proctor W. Blair

Carlisle, Kentucky
October 17, 1988

CITY OF CARLISLE
COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUP
June 30, 1988 and 1987

	Governmental Fund Types		Proprietary Fund Type	Account Group	Totals (Memorandum Only)	
	General	Special Revenue	Enterprise	Fixed Assets	June 30, 1988	June 30, 1987
ASSETS						
Cash	$213,400	$39,879	$ 504,356	$ --	$ 759,635	$ 752,374
Receivables, net of allowance for uncollectibles						
Accounts	--	--	1,087	--	1,087	2,400
Property taxes	5,297	--	--	--	5,297	6,835
Restricted assets						
Cash	--	--	201,915	--	201,915	221,317
Grant receivable	--	--	84,800	--	84,800	--
Accrued interest	--	--	2,214	--	2,214	1,824
Property, plant and equipment-water at cost	--	--	1,234,459	--	1,234,459	937,760
Accumulated depreciation	--	--	(317,067)	--	(317,067)	(297,341)
Property, plant and equipment-sewer at cost	--	--	1,012,992	--	1,012,992	927,709
Accumulated depreciation	--	--	(487,777)	--	(487,777)	(478,435)
Property, plant and equipment-gas at cost	--	--	665,250	--	665,250	664,751
Accumulated depreciation	--	--	(65,665)	--	(65,665)	(52,532)
Property, plant and equipment	--	--	--	321,286	321,286	295,532
Total assets	$220,697	$39,879	$2,578,564	$321,286	$3,510,426	$2,877,206

CITY OF CARLISLE
COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUP
June 30, 1988 and 1987

	Governmental Fund Types		Proprietary Fund Types	Account Group	Totals (Memorandum Only)	
	General	Special Revenue	Enterprise	Fixed Assets	June 30, 1988	June 30, 1987
LIABILITIES AND FUND EQUITY						
Liabilities						
Vouchers payable	$ 8,982	$ --	$ 40,731	$ --	$ 49,713	$ 51,829
Notes payable	--	--	15,361	--	15,361	14,535
Accrued liabilities	3,953	--	11,336	--	15,289	11,617
Payable from restricted assets						
Vouchers payable	--	--	138,946	--	138,946	--
Retainage	--	--	15,324	--	15,324	--
Accrued interest	--	--	11,721	--	11,721	12,191
Bonds payable	--	--	25,000	--	25,000	25,000
Deposits	--	--	9,895	--	9,895	10,059
Notes payable	--	--	66,089	--	66,089	65,391
Revenue bonds payable	--	--	437,000	--	437,000	441,000
Total liabilities	$ 12,935	$ --	$ 771,103	$ --	$ 784,038	$ 631,622
Fund Equity						
Utility reserve	$ --	$ --	$ 50,000	$ --	$ 50,000	$ 50,000
Depreciation reserve	--	--	40,000	--	40,000	40,000
Gas restoration reserve	--	--	78,055	--	78,055	80,439
Bond and interest redemption reserve	--	--	33,860	--	33,860	30,891
Capital contributions	--	--	291,084	--	291,084	343,105
Fund balance	207,762	39,879	--	--	247,641	257,889
Retained earnings	--	--	1,422,302	--	1,422,302	1,179,731
Investment in fixed assets	--	--	--	321,286	321,286	295,532
Total fund equity	$207,762	$39,879	$1,914,501	$321,286	$2,484,428	$2,277,585
Total liabilities and fund equity	$220,697	$39,879	$2,578,564	$321,286	$3,510,426	$2,877,206

The Notes to Financial Statements are an integral part of these statements.

CITY OF CARLISLE
COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
For the Fiscal Years Ended June 30, 1988 and 1987

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Special Revenue	June 30, 1988	June 30, 1987
Revenues				
Taxes	$ 84,275	$ 3,366	$ 87,641	$ 88,259
Licenses and permits	189,524	--	189,524	179,054
Intergovernmental revenues	--	21,674	21,674	30,938
Fines and costs	7,423	--	7,423	8,306
Miscellaneous revenues	11,734	--	11,734	12,507
Interest income	9,951	1,807	11,758	11,137
Services	47,642	--	47,642	47,552
Transfers, net	22,178	--	22,178	34,104
Grant	--	4,000	4,000	--
Total revenues	$ 372,727	$ 30,847	$ 403,574	$ 431,857
Expenditures				
General government	$ 124,977	$ --	$ 124,977	$ 111,951
Public safety	176,993	4,000	180,993	143,111
Public works, streets	51,255	33,670	84,925	105,323
Planning and zoning	2,733	--	2,733	--
Subsidies and other	--	19,709	19,709	29,839
Transfers, net	--	485	485	2,000
Total expenditures	$ 355,958	$ 57,864	$ 413,822	$ 392,224
Excess of revenues over (under) expenditures	$ 16,769	$(27,017)	$ (10,248)	$ 39,633
Fund balance, beginning	190,993	66,896	257,889	218,256
Fund balance, ending	$ 207,762	$ 39,879	$ 247,641	$ 257,889

The Notes to Financial Statements are an integral part of these statements.

CITY OF CARLISLE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
For the Fiscal Year Ended June 30, 1988

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable Unfavorable
Revenues									
Taxes	$ 85,105	$ 84,275	$ (830)	$ 3,366	$ 3,366	$ --	$ 88,471	$ 87,641	$ (830)
Licenses and permits	190,232	189,524	(708)	--	--	--	190,232	189,524	(708)
Fines and costs	--	--	--	21,673	21,674	1	21,673	21,674	1
Miscellaneous revenues	7,423	7,423	--	--	--	--	7,423	7,423	--
Interest income	11,735	11,734	(1)	--	--	--	11,999	11,734	(265)
Services	11,494	9,951	(1,543)	765	1,807	1,042	11,494	11,758	264
Transfers, net	47,642	47,642	--	--	--	--	47,642	47,642	--
Grant	--	22,178	22,178	--	--	--	--	22,178	22,178
Total revenues	$351,631	$372,727	$ 19,096	$ 25,804	$ 26,847	$ 1,043	$ 377,435	$ 399,574	$ 20,640
Expenditures									
General government	$125,535	$124,977	$ 558	$ --	$ --	$ --	$ 125,535	$124,977	$ 558
Public safety	179,469	176,993	2,476	4,000	(4,000)	(8,000)	179,469	180,993	(1,524)
Public works, streets	46,307	51,255	(4,948)	32,766	33,670	904	79,073	84,925	(1,852)
Planning and zoning	2,627	2,733	(106)	--	--	--	2,627	2,733	(106)
Subsidies and other	--	--	--	19,209	19,709	(500)	19,209	19,709	(500)
Transfers, net	--	--	--	485	485	--	485	485	--
Total expenditures	$353,938	$355,958	$ (2,020)	$ 56,460	$ 57,864	$ (7,404)	$ 411,398	$413,822	$ (2,424)
Excess of revenues over (under) expenditures	$ (307)	$ 16,769	$ 17,076	$(30,656)	$(27,017)	$ 1,140	$ (28,464)	$(10,248)	$ 18,216
Fund balance, July 1, 1987	26,320	190,993	164,673	65,894	66,896	1,002	92,214	257,889	165,675
Fund balance, June 30, 1988	$ 26,013	$207,762	$ 181,749	$ 35,238	$ 39,879	$ 2,142	$ 63,750	$247,641	$183,891

The Notes to Financial Statements are an integral part of this statement.

CITY OF CARLISLE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - ENTERPRISE FUND
For the Fiscal Years Ended June 30, 1988 and 1987

	1988	1987
Operating revenues		
Gas	$ 957,686	$1,093,269
Water	213,787	200,499
Sewer	105,074	74,003
Other	38,234	40,931
Total operating revenues	$1,314,781	$1,408,702
Operating expenses		
Salaries	$ 231,271	$ 218,517
Payroll taxes	17,112	15,017
Employee insurance	6,138	--
Gas purchased	681,126	765,256
Maintenance and repair	9,104	39,226
Advertising	681	373
Professional and technical fees	11,055	13,362
Insurance	18,308	23,737
Materials and supplies	41,124	30,979
Dues and subscriptions	865	--

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Telephone and utilities	52,294	46,363
Chemicals	30,007	27,521
Fuel and lube	3,285	3,398
Uniforms	1,995	2,582
Travel and lodging	1,720	1,299
Depreciation	52,021	52,741
Other operating expenses	9	1,666
Total operating expenses	$1,158,135	$1,261,847
Operating income	$ 156,646	$ 146,855
Nonoperating revenues (expenses)		
Interest revenue	$ 33,521	$ 40,122
Interest expense	(28,052)	(37,439)
Transfers, net	(21,693)	(32,105)
Grant, economic development	235,626	--
Total nonoperating revenues (expenses)	$ 219,402	$ (29,421)
Net income	$ 376,048	$ 117,434
Retained earnings, beginning	1,739,153	1,661,719
Retained earnings, ending	$2,115,201	$1,739,153

The Notes to Financial Statements are an integral part of these statements.

CITY OF CARLISLE
STATEMENTS OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUND
For the Fiscal Years Ended June 30, 1988 and 1987

	1988	1987
SOURCES OF WORKING CAPITAL		
Operations		
Net income	$ 376,048	$ 117,434
Items not requiring working capital		
Depreciation	52,021	52,741
Total sources of working capital	$ 428,069	$ 170,175
USES OF WORKING CAPITAL		
Addition to water system	$ 396,699	$ 117,149
Addition to sewer system	85,283	--
Addition to gas system	500	8,106
Long-term debt transferred to current liabilities	40,301	37,355
Total uses of working capital	$ 522,783	$ 162,810
Net increase (decrease) in working capital	$ (94,714)	$ 7,365
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL		
Cash	$ 16,077	$ 49,936
Receivables	(1,513)	(9,321)
Restricted assets	67,788	(30,951)
Vouchers payable	1,936	13,058
Notes payable	(746)	(759)
Accrued liabilities	(3,618)	(7,718)
Delinquent coupons payable	--	5,086
Payable from restricted assets	(175,636)	(11,966)
Net increase (decrease) in working capital	$ (94,714)	$ 7,365

The Notes to Financial Statements are an integral part of these statements.

CITY OF CARLISLE
STATEMENT OF CHANGES IN RESERVES AND RETAINED EARNINGS - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 1988

	Utility Reserve	Depreciation Reserve	Gas Restoration Reserve
Balance, June 30, 1987	$ 50,000	$ 40,000	$ 80,426
Net income for year			
Transfers, net	--	--	--
Bond or note principal paid	--	--	--
Bond or note interest expense	--	--	17,204
Depreciation on utility plant allocated to contributed capital	--	--	(14,555)
	--	--	(5,020)
Balance, June 30, 1988	$ 50,000	$ 40,000	$ 78,055

The Notes to Financial Statements are an integral part of this statement.

	Bond and Interest Redemption Reserve	Capital Contribution	Retained Earnings	Total
	$ 50,891	$ 343,105	$ 1,174,731	$ 1,739,153
	--	--	376,048	376,048
	29,921	--	(67,125)	--
	(24,000)	--	38,555	--
	(22,952)	--	27,972	--
	--	(52,021)	52,021	--
	$ 33,860	$ 291,084	$ 1,622,202	$ 2,115,201

CITY OF CARLISLE
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
June 30, 1988

	Municipal Aid Fund	Local Government Economic Assistance Fund	Library and Archives Grant Fund
ASSETS			
Cash	$ 33,215	$ 5,374	$ 1,290
Total assets	$ 33,215	$ 5,374	$ 1,290
LIABILITIES AND FUND BALANCES			
Liabilities	$ --	$ --	$ --
Fund balances	33,215	5,374	1,290
Total liabilities and fund balances	$ 33,215	$ 5,374	$ 1,290

The Notes to Financial Statements are an integral part of this statement.

	Municipal Aid Fund	Local Government Economic Assistance Fund	Library and Archives Grant Fund
Revenues			
Taxes	$ --	$ 3,366	$ --
Intergovernment revenues	21,674	--	--
Interest income	1,543	--	--
Grant	--	--	--
Total revenues	$ 23,217	$ 3,366	$ --
Expenditures			
General government	$ --	$ --	$ --
Public safety	--	--	--
Public works, streets	33,670	--	--
Subsidies and other	--	--	--
Transfers to general fund	--	--	--
Total expenditures	$ 33,670	$ 3,366	$ --
Excess of revenues over (under) expenditures	$(10,453)	$ 3,366	$ --
Fund balance, July 1, 1987	43,668	2,008	1,290
Fund balance, June 30, 1988	$ 33,215	$ 5,374	$ 1,290

The Notes to Financial Statements are an integral part of this statement.

	Revenue Sharing Fund	Commonwealth of Kentucky - Fire	Total June 30, 1988
	$ --	$ --	$ 3,366
	--	--	21,674
	264	--	1,807
	--	4,000	4,000
	$ 264	$ 4,000	$ 30,847
	$ --	$ --	$ --
	--	4,000	4,000
	19,709	--	33,670
	485	--	19,709
	$ 20,194	$ 4,000	$ 57,864
	$ (19,930)	$ --	$ (27,017)
	19,930	--	66,896
	$ --	$ --	$ 39,879

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Methods of Accounting

The following funds are established and classified in accordance with guidelines issued by the Governmental Accounting Standards Board:

1. General Fund - a governmental fund type maintained to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds - a government fund type which is used to account for revenues received from Revenue Sharing, Municipal Aid Program, etc., that are legally restricted to specific expenditures.

3. Enterprise Fund - a proprietary fund type established and maintained to account for operations of the Water, Sewer and Gas Fund which is operated in a manner similar to a private business enterprise wherein it is intended that the cost of providing services to the citizens of the community on a continuing basis be financed by user charges.

4. General Fixed Assets - the fixed assets used in governmental fund type operations are accounted for in the General Fixed Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

All funds of the City, with the exception of the Enterprise Fund, are maintained using the modified accrual basis of accounting which is recommended by the Governmental Accounting Standards Board. Modifications of such method from the accrual basis follow:

1. Revenues are recorded as received except for revenues susceptible to accrual. Revenues considered to be susceptible to accrual include property taxes, interest and grant income. All other revenues would be substantially the same whether on the cash or accrual basis.

2. Expenditures are recorded using the accrual method incorporating encumbrance techniques consistent with guidelines established by the Governmental Accounting Standards Board. Encumbrances are purchases and/or commitments obligated by the City not qualifying for accrual or as payables.

The accounts of the Enterprise (Water, Sewer and Gas) Fund are maintained using the accrual method of accounting consistent with generally accepted accounting principles.

Note 2. Water and Sewer Bonded Debt Requirements

A water and sewer revenue bond ordinance, dated July 1, 1969, requires that certain reserves be accumulated and minimum balances be maintained as follows:

1. Flow of Revenues - Bond Interest Redemption Fund of 1964 (Sinking Fund). Revenues shall first be used to pay into this fund each month, an amount sufficient to pay at least one-sixth of the next interest installment and at least one-twelfth of the amount of principal (if any) becoming due on the next succeeding January 1, on the bonds hereto authorized, the Utility (Water, Sewer and Gas) Revenue Bonds, dated January 1, 1964, and January 1, 1967, and on any parity bonds as may be outstanding until all of the bonds are retired. In any event the deposit made into this fund shall be sufficient to pay all interest, due each January 1, and July 1, and principal due January 1.

2. Utility Project Reserve Fund - (Within Sinking Fund). There shall be set aside monthly sums sufficient to accumulate within five years from the date of issuance of these bonds a reserve equal to the maximum annual principal and interest requirements on this issue of bonds, and on the Utility (Water, Sewer and Gas) Revenue Bonds, dated January 1, 1964, and January 1, 1967, if additional parity are issued in the future, provision shall be made for adjustment of the amounts to be deposited into this account so that within five years from their issuance, a reserve of one year's maximum requirements will be accumulated. The required balance at June 30, 1988 is $47,619.

The actual balance of the reserve at June 30, 1988 was $50,000, which is in compliance with bond ordinance agreements.

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