

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL  
DISTRICT

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

June 30, 2004

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## Independent Auditor's Report

To the Board of Education of  
[Wall Lake View Auburn](#) Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of [Wall Lake View Auburn](#) Community School District, [Lake View](#), Iowa, as of and for the year ended June 30, [2004](#), which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. 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, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of [Wall Lake View Auburn](#) Community School District as of June 30, [2004](#), and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note [8](#) to the financial statements, during the year ended June 30, [2004](#), [Wall Lake View Auburn](#) Community School District adopted Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement Number 38, Certain Financial Statement Note Disclosures; Statement Number 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation Number 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated [November 29, 2004](#), on our consideration of [Wall Lake View Auburn](#) Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are 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 4 through 13 and 35 through 36 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 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 Wall Lake View Auburn Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003, (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

November 29, 2004

# Wall Lake View Auburn Community School District

## Management Discussion & Analysis

This section of the Wall Lake View Auburn Community School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2004. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section. Because the Wall Lake View Auburn Community School District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

### Financial Highlights

- The Wall Lake View Auburn CSD Board of Directors approved a Property Tax increase from \$10.62 to \$11.58 per \$1,000 taxable valuation. The increase generated an additional \$184,830 in tax revenue.
- Because of changes in staffing levels and other budgetary changes the District's General Fund Balance increase from \$(102,005) to \$191,169.
- Voters in Sac County passed a ten-year one-cent local option sales tax for school facilities which is expected to generate at least an additional \$150,000 per year.

### Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *Government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

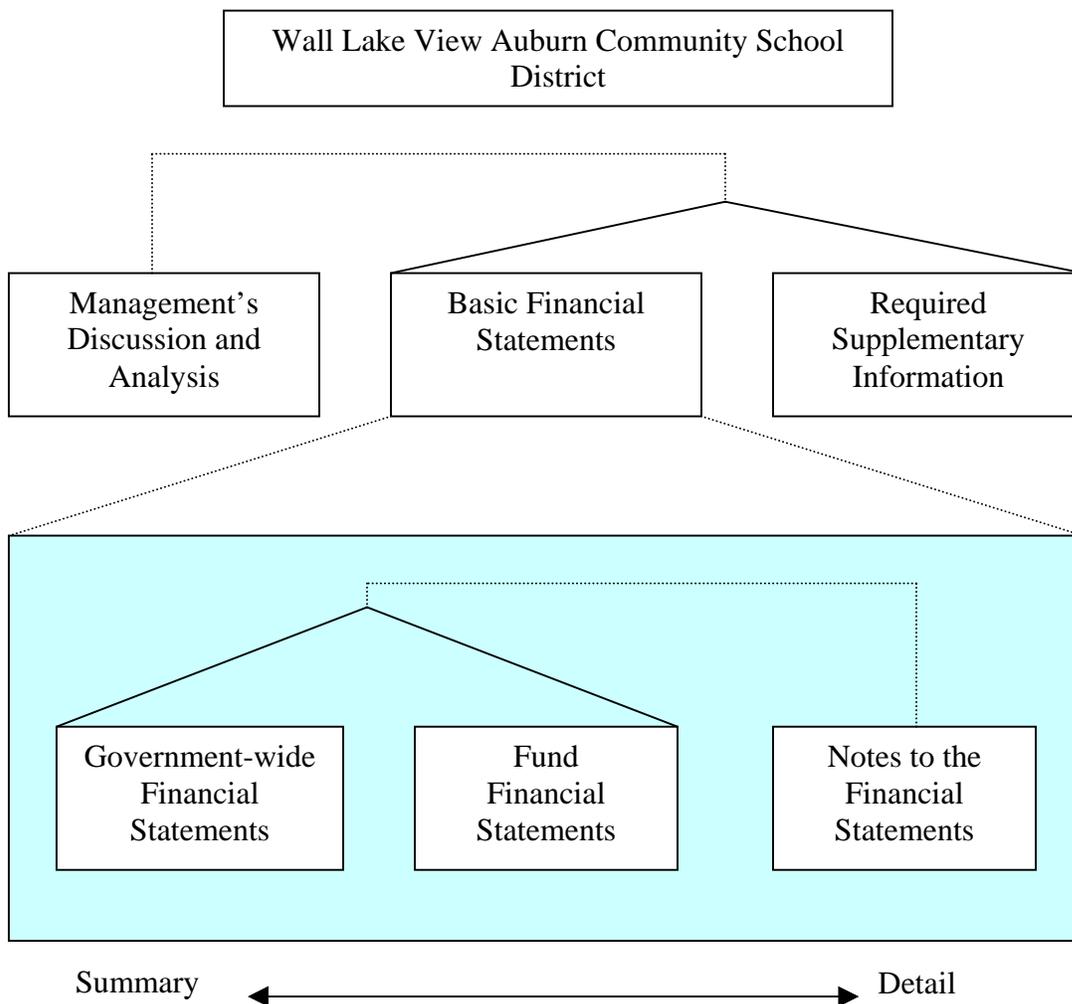
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The *governmental funds statements* explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Proprietary funds statements* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

- *Fiduciary funds statements* provide information about the relationships in which the District acts solely as a trustee or agent for the benefit of others. The District does not have any fiduciary funds at this time.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1



*Figure A-2* summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

*Figure A-2  
Major Features of the Government-wide and Fund Financial Statements*

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private business: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flow</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

### **Government-wide Statements**

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and

expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's food service program would be included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the

Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements. The District's governmental funds include the General Fund and Special Revenue Funds that consist of Activity, Management, and Physical Plant and Equipment Levy funds.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's enterprise fund, one type of a proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

### Financial Analysis of the District as a Whole

**Net assets.** The District's combined net assets were somewhat larger on June 30, 2004, than they were the year before, increasing \$291,330 (*see Figure A-3*). The largest increase is noted in the unrestricted area where the District was able to increase fund balance through increased property taxes and staff reductions.

*Figure A-3*

	Governmental Activities		Business Type Activities		Total School District		Total Percentage Change
	2003	2004	2003	2004	2003	2004	2003-2004
Current and other assets	\$ 3,559,514	\$3,860,016	\$6,744	\$63,508	\$3,566,258	\$3,923,524	10%
Capital assets	794,765	756,484	14,693	12,639	809,458	769,123	(5)%
<b>Total Assets</b>	<b>4,354,279</b>	<b>4,616,500</b>	<b>21,437</b>	<b>76,147</b>	<b>4,375,716</b>	<b>4,692,647</b>	<b>7%</b>
Long-term liabilities	0	0	0	0	0	0	0%
Other liabilities	3,288,919	3,313,874	2,022	2,668	3,290,941	3,316,542	1%
<b>Total liabilities</b>	<b>3,288,919</b>	<b>3,313,874</b>	<b>2,022</b>	<b>2,668</b>	<b>3,290,941</b>	<b>3,316,542</b>	<b>0%</b>
Net Assets:							
Invested in capital assets, net of related debt	794,765	756,484	14,693	12,639	809,458	769,123	(5)%
Restricted	315,864	316,620	0	0	315,864	316,620	0%
Unrestricted	(45,269)	229,522	4,722	60,840	(40,547)	290,362	816%
<b>TOTAL NET ASSETS</b>	<b>\$1,065,360</b>	<b>\$1,302,626</b>	<b>\$19,415</b>	<b>\$73,479</b>	<b>\$1,084,775</b>	<b>\$1,376,105</b>	<b>27%</b>

**Changes in net assets.** Fiscal year 2003-2004 marks the initial District implementation of the GASB-34 financial reporting model. As a result, prior year comparisons are not available but will be provided in all subsequent years. *Figure A-4* reflects only totals from the current fiscal year ending June 30, 2004.

*Governmental Activities -*

Referring to *Figure A-4*, revenues for the District’s governmental activities were \$4,773,631 for fiscal year 2004. Total governmental expenditures were \$4,536,365. In a difficult budget year, the District did a remarkable job trimming expenses to exceed available revenues.

*Figure A-4*

**Changes in Net Assets from Operating Results**

	<u>Governmental Activities</u> <u>2004</u>	<u>Business Type Activities</u> <u>2004</u>	<u>Total School District</u> <u>2004</u>
<b>Revenues</b>			
Program Revenues			
Charges for services	\$355,727	\$143,859	\$499,586
Operating Grants & Contributions	625,805	106,423	732,228
Capital Grants & Contributions	33,764	0	33,764
General Revenues			
Property taxes & other taxes	2,051,179	0	2,051,179
Unrestricted State Grants	1,683,786	0	1,683,786
Unrestricted Investment Earnings	16,988	127	17,115
Other Revenue	6,382	0	6,382
<b>Total Revenues</b>	<b>\$4,773,631</b>	<b>\$250,409</b>	<b>\$5,024,040</b>
<b>Expenses</b>			
Instruction	3,044,968	0	3,044,968
Support Services	1,207,925	196,345	1,404,270
Non-Instructional Programs	30,122	0	30,122
Other Expenses	253,350	-	253,350
<b>Total Expenses</b>	<b>\$4,536,365</b>	<b>\$196,345</b>	<b>\$4,732,710</b>
Transfers	0	0	0
<b>Change in Net Assets</b>	<b>\$237,266</b>	<b>\$54,064</b>	<b>\$291,330</b>

*Figure A-5*

**Net Cost of Governmental Activities**

	<b>Total Cost of Services 2004</b>	<b>Net Cost of Services 2004</b>
Instruction	\$3,044,968	\$2,236,019
Support Services	1,207,925	1,206,401
Non-instructional Programs	30,122	30,122
Other Expenses	253,350	48,527
<b>TOTAL</b>	<b>\$4,536,365</b>	<b>\$3,521,069</b>

*Figure A-5* presents the cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses. The table shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions. (As with *Figure A-4*, a two-year comparison with the prior fiscal year is not possible under the new GASB 34 format. In the future a two-year comparison will be provided.)

- The cost of all governmental activities this year was \$4,536,365.
- Some of the cost was financed by the users of the District's programs (\$355,727).
- The federal and state governments and private contributors subsidized certain programs with grants and contributions (\$659,569).
- Most of the District's costs (\$3,521,069), were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$2,051,179 in property taxes and other local taxes, and \$1,683,786 in unrestricted state aid (based in large part on the statewide education aid formula).

*Business-Type Activities -*

The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements, and investment income. The District's business-type activities show a marked increase in net assets with revenues exceeding expenses by \$54,064 (refer to *Figure A-4*).

### **Financial Analysis of the District's Funds**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$479,142, slightly more than doubling last year's ending fund balances of \$217,497.

#### **Governmental Fund Highlights**

The General Fund balance increased from \$(102,005) to \$191,169. The largest increase is in the unrestricted area where the District was able to increase fund balance through increased property taxes and staff reductions.

The Nonmajor Governmental (Management and Activity) Funds balance decreased from \$150,862 to \$92,778. The decrease was due to insurance expenditures and early retirement payments in the Management fund.

The Physical Plant and Equipment Levy (PPEL) Fund balance decreased \$32,220 to \$121,572. While revenues remained approximately the same at \$58,844, the district had expenditures of \$91,064 which includes a bus that cost \$51,050.

The District began collecting local option sales tax during fiscal year 2004. The Capital Projects Fund was started to account for the proceeds. There were no expenditures during the year. The balance will be used to fund future capital asset projects.

### **Business Type Fund Highlights**

The School Nutrition Fund net assets increased from \$19,415 at June 30, 2003 to \$73,479 at June 30, 2004. A combination of increased meal prices, reduced labor costs and reduced food costs is responsible for this increase. Nutrition will now pay all its own payroll expenses to reduce the burden on the General Fund.

### **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

During FY04, total revenues met expectations held when the FY04 budget was assembled in February, 2003. In November, 2003, the Governor announced a 2.5% across the board cut. Regardless, the District did not exceed the certified budget. On the expense side, the District began adjusting to all of these factors, and succeeded in keeping total disbursements below total receipts. When a preliminary budget is set, the District always requests the ability to expend its full budget if necessary, but has the goal of keeping disbursements in line with revenues as actual revenue accumulates. As a result, the District's certified budget should always exceed the actual expenditures during the year. It is apparent that even in such a difficult fiscal year in which to accurately predict revenues, the District was able to meet its goal and keep total governmental disbursements (\$4,498,084) slightly below total receipts (\$4,772,967).

### **Capital Asset and Debt Administration**

## Capital Assets

By the end of 2004, the District had invested \$769,123, net of accumulated depreciation, in a broad range of assets, including school buildings, athletic facilities, transportation equipment, and computer and audio-visual equipment (see *Figure A-6*). This amount represents a net decrease of \$40,335 or 5% from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements.) The District was able to stay within its means and not accumulate any debt in FY04. Capital assets were purchased as revenue became available and included a new bus.

*Figure A-6*

*Capital Assets (net of depreciation)*

	Governmental Activities		Business Type Activities		Total School District		Total Percentage Change 2003-04
	2003	2004	2003	2004	2003	2004	
	Land	20,000	20,000	0	0	20,000	
Construction in progress	0	0	0	0	0	0	0
Buildings	628,371	587,066	0	0	628,371	587,066	(7)
Equipment & Furniture	146,394	149,418	14,693	12,639	161,087	162,057	1
<b>TOTAL</b>	<b>794,765</b>	<b>756,484</b>	<b>14,693</b>	<b>12,639</b>	<b>809,458</b>	<b>769,123</b>	<b>(5)</b>

## Long-Term Debt

At June 30, 2004, the District has no Long-Term Debt.

### Factors Bearing on the District's Future

The District is projected to remain in good financial health far into the future. Budgeting practices such as making sure disbursements do not exceed receipts, even during challenging years like FY04, combined with a solid foundation of cash balance and unspent balance, allow the District to provide the resources needed for excellent student achievement while still keeping the tax burden reasonable. The Wall Lake View Auburn CSD and Sac CSD are in early stages of whole-grade sharing discussions. These discussions have already resulted in the sharing of some additional programs for students at no additional cost to the districts.

#### Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Barbara Kruthoff, Superintendent, Wall Lake View Auburn Community School District, 801 Jackson Street, Lake View, Iowa 51450.

## BASIC FINANCIAL STATEMENTS

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2004

	Governmental Activities	Business Type Activities	Total	Component Unit Wall Lake View Auburn Community School Foundation
	\$	\$	\$	\$
<b>Assets</b>				
Cash and cash equivalents:				
ISCAP	1,057,218	-	1,057,218	-
Other	693,814	55,527	749,341	17,743
Receivables:				
Property tax:				
Delinquent	11,394	-	11,394	-
Succeeding year	1,816,415	-	1,816,415	-
Accounts	3,000	118	3,118	-
Accrued interest - ISCAP	2,054	-	2,054	-
Interfund receivable/payable	-	-	-	-
Due from other governments	276,121	-	276,121	-
Inventories	-	7,863	7,863	-
Capital assets, net of accumulated depreciation	756,484	12,639	769,123	-
<b>Total assets</b>	<b>4,616,500</b>	<b>76,147</b>	<b>4,692,647</b>	<b>17,743</b>
<b>Liabilities</b>				
Accounts payable	28,886	-	28,886	3,000
Salaries and benefits payable	371,796	-	371,796	-
Deferred revenue:				
Succeeding year property tax	1,816,415	-	1,816,415	-
Other	31,479	2,668	34,147	-
ISCAP warrants payable	1,051,000	-	1,051,000	-
ISCAP accrued interest payable	3,114	-	3,114	-
ISCAP premium	11,184	-	11,184	-
<b>Total liabilities</b>	<b>3,313,874</b>	<b>2,668</b>	<b>3,316,542</b>	<b>3,000</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	756,484	12,639	769,123	-
Restricted for:				
Gifted and talented program	28,647	-	28,647	-
Management levy	34,686	-	34,686	-
Physical plant and equipment levy	121,572	-	121,572	-
Other special revenue purposes	58,092	-	58,092	-
Local option sales tax capital projects	73,623	-	73,623	-
Unrestricted	229,522	60,840	290,362	14,743
<b>Total net assets</b>	<b>1,302,626</b>	<b>73,479</b>	<b>1,376,105</b>	<b>14,743</b>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2004

<b>Functions/Programs</b>	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	2,180,385	219,137	307,274	-
Special instruction	473,091	-	129,785	-
Other instruction	391,492	136,590	16,163	-
	<u>3,044,968</u>	<u>355,727</u>	<u>453,222</u>	<u>-</u>
Support services:				
Student services	123,124	-	-	-
Instructional staff services	38,773	-	-	-
Administration services	501,612	-	-	-
Operation and maintenance of plant services	338,087	-	-	-
Transportation services	206,329	-	1,524	-
	<u>1,207,925</u>	<u>-</u>	<u>1,524</u>	<u>-</u>
Non-instructional programs	<u>30,122</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	40,014	-	-	33,764
AEA flowthrough	171,059	-	171,059	-
Depreciation (unallocated)*	42,277	-	-	-
	<u>253,350</u>	<u>-</u>	<u>171,059</u>	<u>33,764</u>
Total governmental activities	<u>4,536,365</u>	<u>355,727</u>	<u>625,805</u>	<u>33,764</u>
Business type activities:				
Non-instructional programs:				
Food service operations	196,345	143,859	106,423	-
Total primary government	<u>4,732,710</u>	<u>499,586</u>	<u>732,228</u>	<u>33,764</u>
Component Units:				
Wall Lake View Auburn Community School Foundation	500	-	335	-
Total	<u>4,733,210</u>	<u>499,586</u>	<u>732,563</u>	<u>33,764</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Capital outlay				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
<b>Change in net assets</b>				
Net assets beginning of year, as restated				
Net assets end of year				

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2004

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business Type Activities	Total	Component Unit
(1,653,974)	-	(1,653,974)	-
(343,306)	-	(343,306)	-
(238,739)	-	(238,739)	-
<u>(2,236,019)</u>	<u>-</u>	<u>(2,236,019)</u>	<u>-</u>
(123,124)	-	(123,124)	-
(38,773)	-	(38,773)	-
(501,612)	-	(501,612)	-
(338,087)	-	(338,087)	-
(204,805)	-	(204,805)	-
<u>(1,206,401)</u>	<u>-</u>	<u>(1,206,401)</u>	<u>-</u>
<u>(30,122)</u>	<u>-</u>	<u>(30,122)</u>	<u>-</u>
(6,250)	-	(6,250)	-
-	-	-	-
<u>(42,277)</u>	<u>-</u>	<u>(42,277)</u>	<u>-</u>
<u>(48,527)</u>	<u>-</u>	<u>(48,527)</u>	<u>-</u>
(3,521,069)	-	(3,521,069)	-
-	53,937	53,937	-
<u>(3,521,069)</u>	<u>53,937</u>	<u>(3,467,132)</u>	<u>-</u>
-	-	-	(165)
<u>(3,521,069)</u>	<u>53,937</u>	<u>(3,467,132)</u>	<u>(165)</u>
1,858,472	-	1,858,472	-
55,652	-	55,652	-
63,432	-	63,432	-
73,623	-	73,623	-
1,683,786	-	1,683,786	-
16,988	127	17,115	60
6,382	-	6,382	-
<u>3,758,335</u>	<u>127</u>	<u>3,758,462</u>	<u>60</u>
237,266	54,064	291,330	(105)
<u>1,065,360</u>	<u>19,415</u>	<u>1,084,775</u>	<u>14,848</u>
<u>1,302,626</u>	<u>73,479</u>	<u>1,376,105</u>	<u>14,743</u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2004

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments:			
ISCAP	1,057,218	-	1,057,218
Other	434,681	259,133	693,814
Receivables:			
Property tax:			
Delinquent	10,522	872	11,394
Succeeding year	1,669,801	146,614	1,816,415
Accounts	3,000	-	3,000
Accrued interest - ISCAP	2,054	-	2,054
Due from other governments	230,228	45,893	276,121
	<u>3,407,504</u>	<u>452,512</u>	<u>3,860,016</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	10,961	17,925	28,886
Salaries and benefits payable	371,796	-	371,796
ISCAP warrants payable	1,051,000	-	1,051,000
ISCAP accrued interest payable	3,114	-	3,114
ISCAP premium	11,184	-	11,184
Deferred revenue:			
Succeeding year property tax	1,669,801	146,614	1,816,415
Other	98,479	-	98,479
Total liabilities	<u>3,216,335</u>	<u>164,539</u>	<u>3,380,874</u>
Fund balances:			
Reserved for:			
Gifted and talented program	28,647	-	28,647
Unreserved	162,522	287,973	450,495
Total fund balances	<u>191,169</u>	<u>287,973</u>	<u>479,142</u>
	<u>3,407,504</u>	<u>452,512</u>	<u>3,860,016</u>
<b>Total liabilities and fund balances</b>			

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2004

<b>Total fund balances of governmental funds (Exhibit C)</b>	479,142
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	756,484
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	<u>67,000</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>1,302,626</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2004

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	1,837,437	219,460	2,056,897
Tuition	166,094	-	166,094
Other	66,785	139,836	206,621
State sources	2,061,465	-	2,061,465
Federal sources	280,835	1,055	281,890
Total revenues	<u>4,412,616</u>	<u>360,351</u>	<u>4,772,967</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	2,116,832	60,822	2,177,654
Special instruction	473,091	-	473,091
Other instruction	254,953	130,945	385,898
	<u>2,844,876</u>	<u>191,767</u>	<u>3,036,643</u>
Support services:			
Student services	123,124	-	123,124
Instructional staff services	38,773	-	38,773
Administration services	414,174	82,753	496,927
Operation and maintenance of plant services	337,200	-	337,200
Transportation services	161,724	62,498	224,222
	<u>1,074,995</u>	<u>145,251</u>	<u>1,220,246</u>
Non-instructional programs	30,122	-	30,122
Other expenditures:			
Facilities acquisition	-	40,014	40,014
AEA flowthrough	171,059	-	171,059
	<u>171,059</u>	<u>40,014</u>	<u>211,073</u>
Total expenditures	<u>4,121,052</u>	<u>377,032</u>	<u>4,498,084</u>
Excess (deficiency) of revenues over (under) expenditures	291,564	(16,681)	274,883
Other financing sources (uses):			
Sales of materials and equipment	1,610	-	1,610
Net change in fund balances	293,174	(16,681)	276,493
Fund balances beginning of year, as restated	(102,005)	304,654	202,649
Fund balances end of year	<u>191,169</u>	<u>287,973</u>	<u>479,142</u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the  
Statement of Activities

Year ended June 30, 2004

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		276,493
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the year as follows:		
Expenditures for capital assets	55,050	
Depreciation expense	<u>(93,331)</u>	(38,281)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.		<u>(946)</u>
<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>237,266</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2004

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Cash and cash equivalents	55,527
Accounts receivable	118
Inventories	7,863
Capital assets, net of accumulated depreciation	<u>12,639</u>
<b>Total assets</b>	76,147
<b>Liabilities</b>	
Deferred revenue	<u>2,668</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	12,639
Unrestricted	<u>60,840</u>
<b>Total net assets</b>	<u><u>73,479</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds

Year ended June 30, 2004

	Nonmajor School Nutrition <u>\$</u>
Operating revenue:	
Local sources:	
Charges for service	<u>143,859</u>
Operating expenses:	
Non-instructional programs:	
Salaries and benefits	88,329
Supplies	105,962
Depreciation	<u>2,054</u>
	<u>196,345</u>
Operating gain (loss)	<u>(52,486)</u>
Non-operating revenue:	
State sources	3,553
Federal sources	102,870
Interest income	<u>127</u>
Total non-operating revenue	<u>106,550</u>
Change in net assets	54,064
Net assets beginning of year	<u>19,415</u>
Net assets end of year	<u><u>73,479</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2004

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	144,644
Cash payments to employees for services	(88,329)
Cash payments to suppliers for goods or services	(81,133)
Net cash used by operating activities	<u>(24,818)</u>
Cash flows from non-capital financing activities:	
General Fund loan repayment	(14,782)
State grants received	3,553
Federal grants received	86,347
Net cash provided by non-capital financing activities	<u>75,118</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>127</u>
Net increase (decrease) in cash and cash equivalents	50,427
Cash and cash equivalents at beginning of year	<u>5,100</u>
Cash and cash equivalents at end of year	<u><u>55,527</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(52,486)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	16,523
Depreciation	2,054
Decrease (increase) in inventories	8,306
Decrease (increase) in accounts receivable	139
(Decrease) increase in deferred revenue	646
Net cash used in operating activities	<u><u>(24,818)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2004, the District received \$16,523 of federal commodities.

# WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2004

### 1. Summary of Significant Accounting Policies

Board of Education of Wall Lake View Auburn Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Wall Lake, Lake View and Auburn, Iowa and the predominately agricultural territory in a portion of Sac, Carroll and Crawford Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Wall Lake View Auburn Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District 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 District are such that exclusion would cause the District'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 District 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 District. The Wall Lake View Auburn Community School Foundation has been included in these financial statements as a discretely presented component unit.

The Wall Lake View Auburn School Foundation is a separate legal entity that was established to actively solicit and receive donations, gifts and grants for scholarships, the enhancement of technology and other enrichment to the programs for Wall Lake View Auburn Community students or other programs sponsored by the Board of Directors of Wall Lake View Auburn Community School District.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally 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 Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*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 that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues 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 restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instruction, support and other costs.

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003, through June 30, 2004, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2003.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets. The District did not have any long-term liabilities at June 30, 2004.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

## 2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2004 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 District 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 Board of Education; 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 District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

### 3. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of [June 30, 2004](#), is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2003-04B	1/30/04	1/28/05	377,554	2,054	375,000	3,114
2004-05A	6/30/04	6/30/05	679,664	-	676,000	-
Total			1,057,218	2,054	1,051,000	3,114

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, [2004](#), is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	200,000	200,000	-

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
	%	%
2003-04A	2.000	1.050
2003-04B	2.000	1.131
2004-05A	3.000	2.463

#### 4. Capital Assets

Capital assets activity for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year as restated	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	20,000	-	-	20,000
Capital assets being depreciated:				
Buildings	2,464,341	-	-	2,464,341
Improvements other than buildings	418,519	-	-	418,519
Furniture and equipment	776,144	55,050	83,361	747,833
Total capital assets being deprec.	<u>3,659,004</u>	<u>55,050</u>	<u>83,361</u>	<u>3,630,693</u>
Less accumulated depreciation for:				
Buildings	1,835,970	41,305	-	1,877,275
Improvements other than buildings	412,203	972	-	413,175
Furniture and equipment	636,066	51,054	83,361	603,759
Total accumulated depreciation	<u>2,884,239</u>	<u>93,331</u>	<u>83,361</u>	<u>2,894,209</u>
Total capital assets being Depreciated, net	<u>774,765</u>	<u>(38,281)</u>	-	<u>736,484</u>
Governmental activities capital Assets, net	<u>794,765</u>	<u>(38,281)</u>	-	<u>756,484</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	35,023	-	-	35,023
Less accumulated depreciation	20,330	2,054	-	22,384
Business type activities capital Assets, net	<u>14,693</u>	<u>(2,054)</u>	-	<u>12,639</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	2,731
Other	5,594
Support Services:	
Administration services	4,685
Operation and maintenance of plant services	4,887
Transportation	33,157
	51,054
Unallocated depreciation	42,277
	93,331
 Business type activities:	
Food services	2,054
	2,054

## 5. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$138,410, \$145,996, and \$143,075 respectively, equal to the required contributions for each year.

## 6. Risk Management

Wall Lake View Auburn Community School District 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 District 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.

## 7. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$171,059 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## 8. Accounting Change and Restatement

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences, were implemented for the year ended [June 30, 2004](#). The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements separate the District's programs between governmental and business type activities. The beginning net assets for governmental activities has been restated to include capital assets, long-term liabilities, and the changes in assets and liabilities at [July 1, 2003](#) caused by the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	Funds		
	General	Nonmajor	Total
	\$	\$	\$
Net assets, June 30, 2003, as previously reported	(102,005)	304,654	202,649
GASB Interpretation 6 adjustments	-	-	-
Net assets, July 1, 2003, as restated for Governmental funds	<u>(102,005)</u>	<u>304,654</u>	202,649
GASB 34 adjustments:			
Capital assets net of accumulated depreciation of <a href="#">\$2,884,239</a>			794,765
Deferred revenue			<u>67,946</u>
Net assets, July 1, 2003, as restated			<u>1,065,360</u>

REQUIRED SUPPLEMENTARY INFORMATION

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2004

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$		\$	\$
<b>Revenues:</b>						
Local sources	2,429,612	143,986	2,573,598	2,485,546	2,485,546	88,052
State sources	2,061,465	3,553	2,065,018	2,163,408	2,163,408	(98,390)
Federal sources	281,890	102,870	384,760	285,000	285,000	99,760
Total revenues:	<u>4,772,967</u>	<u>250,409</u>	<u>5,023,376</u>	<u>4,933,954</u>	<u>4,933,954</u>	<u>89,422</u>
<b>Expenditures:</b>						
Instruction	3,036,643	-	3,036,643	3,247,183	3,247,183	210,540
Support services	1,220,246	-	1,220,246	1,489,874	1,489,874	269,628
Non-instructional programs	30,122	196,345	226,467	321,816	321,816	95,349
Other expenditures	211,073	-	211,073	239,558	239,558	28,485
Total expenditures	<u>4,498,084</u>	<u>196,345</u>	<u>4,694,429</u>	<u>5,298,431</u>	<u>5,298,431</u>	<u>604,002</u>
Excess (deficiency) of revenues over (under) expenditures	274,883	54,064	328,947	(364,477)	(364,477)	693,424
Other financing sources (uses) net	<u>1,610</u>	<u>-</u>	<u>1,610</u>	<u>-</u>	<u>-</u>	<u>1,610</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	276,493	54,064	330,557	(364,477)	(364,477)	695,034
Balance beginning of year	<u>202,649</u>	<u>19,415</u>	<u>222,064</u>	<u>364,477</u>	<u>364,477</u>	<u>(142,413)</u>
Balance end of year	<u><u>479,142</u></u>	<u><u>73,479</u></u>	<u><u>552,621</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>552,621</u></u>

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2004

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the [modified accrual or accrual basis of accounting](#). Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District did not amend its budget during the year.

OTHER SUPPLEMENTARY INFORMATION

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2004

Assets	Special Revenue Funds			Capital Projects Fund	Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Local Option Sales Tax	
	\$	\$	\$	\$	
Cash and pooled investments	37,204	60,500	117,256	44,173	259,133
Receivables:					
Property tax:					
Delinquent	543	-	329	-	872
Succeeding year	100,000	-	46,614	-	146,614
Due from other governments	-	-	16,443	29,450	45,893
<b>Total assets</b>	<b>137,747</b>	<b>60,500</b>	<b>180,642</b>	<b>73,623</b>	<b>452,512</b>
<b>Liabilities &amp; Fund Balances</b>					
Liabilities:					
Accounts payable	3,061	2,408	12,456	-	17,925
Deferred revenue:					
Succeeding year property tax	100,000	-	46,614	-	146,614
Total liabilities	103,061	2,408	59,070	-	164,539
Fund balances:					
Unreserved fund balance	34,686	58,092	121,572	73,623	287,973
<b>Total liabilities and fund balances</b>	<b>137,747</b>	<b>60,500</b>	<b>180,642</b>	<b>73,623</b>	<b>452,512</b>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2004

	Special Revenue Funds			Capital Projects Fund	Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Local Option Sales Tax	
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	90,049	-	55,788	73,623	219,460
Other	1,000	136,835	2,001	-	139,836
Federal sources	-	-	1,055	-	1,055
Total revenues	<u>91,049</u>	<u>136,835</u>	<u>58,844</u>	<u>73,623</u>	<u>360,351</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	60,822	-	-	-	60,822
Other instruction	-	130,945	-	-	130,945
Support services:					
Administration services	82,753	-	-	-	82,753
Transportation services	9,948	1,500	51,050	-	62,498
Other expenditures:					
Facilities acquisition	-	-	40,014	-	40,014
Total expenditures	<u>153,523</u>	<u>132,445</u>	<u>91,064</u>	<u>-</u>	<u>377,032</u>
Excess (deficiency) of revenues over (under) expenditures	(62,474)	4,390	(32,220)	73,623	(16,681)
Fund balances beginning of year, as restated	<u>97,160</u>	<u>53,702</u>	<u>153,792</u>	<u>-</u>	<u>304,654</u>
Fund balances end of year	<u><u>34,686</u></u>	<u><u>58,092</u></u>	<u><u>121,572</u></u>	<u><u>73,623</u></u>	<u><u>287,973</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2004

<u>Account</u>	Balance Beginning of Year \$	Revenues \$	Expenditures \$	Intra-Fund Transfers \$	Balance End of Year \$
Yearbook	24	10,455	11,191	1,500	788
Student council	1,878	5,064	5,655	(48)	1,239
JH student council	961	74	-	-	1,035
Cheerleading	1,507	-	98	-	1,409
COOP	7,711	6,986	8,757	(237)	5,703
FFA	2,954	25,263	27,289	250	1,178
FHA	959	-	-	-	959
Thespians	1,611	3,564	3,122	(753)	1,300
National Honor Society	1,552	-	207	-	1,345
Drill team	3,335	7,321	7,699	-	2,957
Baseball	1,525	3,429	6,950	2,332	336
Athletics	743	9,845	3,800	(6,636)	152
Softball	3,064	3,459	3,861	2,134	4,796
Basketball	8	6,346	5,660	1,500	2,194
Football	15	6,173	5,661	500	1,027
Track	71	2,289	3,160	1,006	206
Golf	68	132	1,320	1,120	-
Volleyball	361	5,730	5,983	500	608
Wrestling	1	1,541	1,808	500	234
Weightlifting	12	2,513	1,924	-	601
Class of 2003	559	-	526	-	33
Class of 2004	524	-	362	15	177
Class of 2005	485	1,792	4,587	2,846	536
Class of 2006	17	-	17	15	15
Class of 2007	-	24	-	15	39
Band	(2,990)	539	597	372	(2,676)
Chorus	16	319	436	364	263
Marketing	1,168	68	-	-	1,236
Chicago trip	299	6,666	6,629	-	336
Elementary activities	4,388	132	-	43	4,563
5th/6th grade student council	1,675	92	-	-	1,767
Concessions	3,130	13,465	8,204	(8,391)	-
Concession maintenance	-	-	-	1,053	1,053
Softball concessions	-	3,251	1,825	-	1,426
Baseball concessions	-	3,990	2,008	-	1,982
Industrial tech. mass production	738	796	884	-	650
Band	-	-	-	5,000	5,000
Band/Choir Trip	-	2,370	2,103	2,533	2,800
Wall Lake activities	17,619	3,147	-	(7,533)	13,233
June 30, 2005 accounts payable	-	-	2,408	-	(2,408)
June 30, 2003 accounts payable	(2,286)	-	(2,286)	-	-
<b>Total</b>	<b>53,702</b>	<b>136,835</b>	<b>132,445</b>	<b>-</b>	<b>58,092</b>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	2,056,897	1,814,496	1,677,415	1,543,147
Tuition	166,094	114,679	107,890	95,672
Other	206,621	213,704	294,823	231,682
State sources	2,061,465	2,158,923	2,139,644	2,284,654
Federal sources	281,890	210,919	123,153	167,509
Total revenues	<u>4,772,967</u>	<u>4,512,721</u>	<u>4,342,925</u>	<u>4,322,664</u>
Expenditures:				
Instruction:				
Regular instruction	2,177,654	2,214,095	2,117,149	2,074,571
Special instruction	473,091	557,824	503,583	527,888
Other instruction	385,898	396,228	385,273	417,385
Support services:				
Student services	123,124	109,615	103,720	112,381
Instructional staff services	38,773	40,629	38,093	107,085
Administration services	496,927	486,123	483,588	447,348
Operation and maintenance of plant services	337,200	371,463	287,544	291,354
Transportation services	224,222	154,463	146,271	159,339
Non-instructional programs	30,122	36,028	34,816	29,101
Other expenditures:				
Facilities acquisition	40,014	29,359	46,785	33,492
AEA flowthrough	171,059	183,905	183,567	193,902
Total expenditures	<u>4,498,084</u>	<u>4,579,732</u>	<u>4,330,389</u>	<u>4,393,846</u>

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

To the Board of Education of the  
Wall Lake View Auburn Community School District:

We have audited the financial statements of the Wall Lake View Auburn Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated November 29, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Wall Lake View Auburn Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved except for items 04-II-E and 04-II-J.

### Internal Control over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items [04-I-A](#) and [04-I-B](#) are material weaknesses. Prior year reportable conditions have all been resolved except for items [04-I-A](#) and [04-I-B](#).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the [Wall Lake View Auburn](#) Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of [Wall Lake View Auburn](#) Community School District 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.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

[November 29, 2004](#)

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Reportable Conditions:

**04-I-A** Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures and investigate methods to increase monitoring procedures to obtain the maximum internal control possible under the circumstances.

District Response: The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion: Response accepted.

**04-I-B** Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The stamp is under the care, custody, and control of the administrative office. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: We recommend that this practice cease. The Board may designate a person other than the Board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting:

**04-II-A** Official Depositories: Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.

**04-II-B** Certified Budget: Disbursements for the year ended June 30, 2004 did not exceed the amounts budgeted.

**04-II-C** Questionable Expenditures: We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**04-II-D** Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

**04-II-E** Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Jim Wissler, Board Member	Drivers education instructor	2,300
Chuck Brotherton, Board Member, owner of Lake View Lumber and Wall Lake Lumber	Supplies	13,765

The transaction with Jim Wissler does not appear to be a conflict of interest because the Code of Iowa allows compensation to a board member for part-time or temporary employment as long as it does not exceed \$2,500 annually.

The transactions with businesses owned by Chuck Brotherton appear to be conflicts of interest. Business with district officials is a conflict of interest if bids are not taken or if the total amount exceeds \$2,500.

Recommendation: The District should consult legal council regarding this matter.

District Response: We will consult with our attorney.

Conclusion: Response accepted.

**04-II-F** Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.

**04-II-G** Board Minutes: We noted one payment to Amazon.com that was not on the lists of bills approved by the Board and as explained in comment 04-II-K expenditures from the Choir/Band Trip bank account were not approved by the Board.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting (continued):

Recommendation: Chapter 179.29 of the Code of Iowa provides that “the Board shall audit all just claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed.” Chapter 279.30 of the Code of Iowa allows payment of specific items, such as utilities, postage and printing, without prior Board approval. This Board may approve a resolution designating certain other disbursements that may be paid prior to a Board Meeting with the approval of the Board President. The Board’s written policy should comply with Chapter 279.30 of the Code of Iowa. Then, except as expressly permitted, no checks should be prepared for claims that have not been properly audited and allowed. Payments that are made prior to board approval, in accordance with Iowa law should be approved at the next board meeting

District Response: All payments will be approved by the Board

Conclusion: Response accepted.

04-II-H Certified Enrollment: We noted no variances in the basic enrollment data certified to the Department of Education.

04-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy.

04-II-J Certified Annual Report (CAR): The CAR was filed with the Department of Education timely. Adjustments to the financial statements after the CAR was filed increased the General Fund total fund equity by \$144,117. These changes will have a material effect on the calculation of unspent balance.

Recommendation: The District should contact the Iowa Department of Education about filing an amended CAR.

District Response: We will contact the Iowa Department of Education.

Conclusion: Response accepted.

04-II-K Student Activity Fund – Choir/Band Trip Bank Account - Expenditure Procedures: All public funds are the legal responsibility of the board, board secretary and board treasurer. All public funds have the same legal requirements for accounting, reporting, auditing and allowing, dual signatures, publishing and investing. We noted that the District was not following the not following the statutory requirements for board approval prior to disbursement, publication of bills paid and dual signatures for the Choir/Band Trip bank account that is part of the Student Activity Fund.

Recommendation: The District should implement procedures to ensure compliance with statutory requirements for disbursements from this bank account.

District Response: The District will pursue the auditor’s recommendation.

Conclusion: Response accepted.