

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL  
DISTRICT

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

June 30, 2005

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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, the discretely presented component unit, each major fund 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, 2005, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wall Lake View Auburn Community School District as of June 30, 2005, 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2005, 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, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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, 2004, (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 30, 2005

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Wall Lake View Auburn Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2005 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,412,616 in fiscal 2004 to \$4,579,988 in fiscal 2005, while General Fund expenditures decreased from \$4,121,052 in fiscal 2004 to \$4,058,956 in fiscal 2005. The District's General Fund balance increased from \$191,169 in fiscal 2004 to \$712,201 in fiscal 2005, a 273% increase.
- The increase in General Fund revenues was attributable to state and federal revenue in fiscal 2005. The decrease in expenditures was primarily due to changes in staffing both in the instructional area and support services. One reason the General Fund balance increased is because some expenses have been moved to the capital projects fund since the passage of the one cent sales tax.

### USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Wall Lake View Auburn Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wall Lake View Auburn Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Wall Lake View Auburn Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

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

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

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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 tax 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 school nutrition program is 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 three kinds of funds:

- 1) *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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *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 financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District uses *internal service funds*, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District currently has no internal service funds.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

## Government-Wide Financial Analysis

Figure A-1 below provides a summary of the District's net assets at June 30, 2005 compared to June 30, 2004.

Figure A-1

	Condensed Statement of Net Assets						Percentage Change 2004-2005
	Governmental Activities		Business-type Activities		Total School District		
	2005	2004	2005	2004	2005	2004	
	\$	\$	\$	\$	\$	\$	
Current and other assets	4,520,385	3,860,016	50,358	63,508	4,570,743	3,923,524	16%
Capital assets	714,104	756,484	38,166	12,639	752,270	769,123	(2%)
<b>Total assets</b>	<b>5,234,489</b>	<b>4,616,500</b>	<b>88,524</b>	<b>76,147</b>	<b>5,323,013</b>	<b>4,692,647</b>	<b>13%</b>
Long-term liabilities	0	0	0	0	0	0	0%
Other liabilities	3,147,571	3,313,874	2,189	2,668	3,149,760	3,316,542	(5%)
<b>Total liabilities</b>	<b>3,147,571</b>	<b>3,313,874</b>	<b>2,189</b>	<b>2,668</b>	<b>3,149,760</b>	<b>3,316,542</b>	<b>(5%)</b>
Net Assets:							
Invested in capital assets, net of related debt	714,104	756,484	38,166	12,639	752,270	769,123	(2%)
Restricted	635,323	316,620	0	0	635,323	316,620	101%
Unrestricted	737,491	229,522	48,169	60,840	785,660	290,362	171%
<b>TOTAL NET ASSETS</b>	<b>2,086,918</b>	<b>1,302,626</b>	<b>86,335</b>	<b>73,479</b>	<b>2,173,253</b>	<b>1,376,105</b>	<b>58%</b>

The District's combined net assets increased by 58%, or approximately \$797,000, over the prior year. The largest portion of the District's net assets is invested in capital assets net of related debt.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$318,000 or 101% over the prior year. The increase was primarily a result of revenues from the one cent local option sales tax.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$495,000, or 171%. This increase in unrestricted net assets was a result of the District reducing current expenditures in the general fund.

Figure A-2 shows the change in net assets for the years ended June 30, 2005 and 2004.

Figure A-2

	Change in Net Assets						Percentage Change 2004-2005
	Governmental Activities		Business-type Activities		Total School District		
	2005	2004	2005	2004	2005	2004	
	\$	\$	\$	\$	\$	\$	
Revenues							
Program Revenues:							
Charges for services	326,030	355,727	145,505	143,859	471,535	499,586	(6%)
Operating grants & contributions	737,395	625,805	108,431	106,423	845,826	732,228	16%
Capital grants & contributions	0	33,764	0	0	0	33,764	(100%)
General Revenues:							
Property taxes	1,842,947	1,914,124	0	0	1,842,947	1,914,124	(4%)
Income Surtax	75,044	63,432	0	0	75,044	63,432	18%
Local option sales tax	266,830	73,623	0	0	266,830	73,623	262%
Unrestricted state grants	1,882,350	1,683,786	0	0	1,882,350	1,683,786	12%
Unrestricted investment earnings	45,398	16,988	182	127	45,580	17,115	166%
Other revenue	9,072	6,382	0	0	9,072	6,382	42%
<b>Total Revenues</b>	<b>5,185,066</b>	<b>4,773,631</b>	<b>254,118</b>	<b>250,409</b>	<b>5,439,184</b>	<b>5,024,040</b>	<b>8%</b>
Expenses:							
Instruction	2,886,423	3,044,968	0	0	2,886,423	3,044,968	(5%)
Support services	1,286,150	1,207,925	0	0	1,286,150	1,207,925	6%
Non-instructional programs	0	30,122	241,262	196,345	241,262	226,467	7%
Other expenditures	228,201	253,350	0	0	228,201	253,350	(10%)
<b>Total expenses</b>	<b>4,400,774</b>	<b>4,536,365</b>	<b>241,262</b>	<b>196,345</b>	<b>4,642,036</b>	<b>4,732,710</b>	<b>(2%)</b>
<b>CHANGE IN NET ASSETS</b>	<b>784,292</b>	<b>237,266</b>	<b>12,856</b>	<b>54,064</b>	<b>797,148</b>	<b>291,330</b>	<b>174%</b>
Net assets beginning of year	1,302,626	1,065,360	73,479	19,415	1,376,105	1,084,775	27%
Net assets end of year	2,086,918	1,302,626	86,335	73,479	2,173,253	1,376,105	58%

Property tax and unrestricted state grants account for 68% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 90% of the total expenses. Despite a 4% decrease in property tax revenues the district realized and 8% increase in revenues. That increase in revenues and a 2% decrease in expenditures has resulted in a 58% increase in net assets.

### Governmental Activities

Revenues for governmental activities were \$5,185,066 and expenses were \$4,400,774. The District was able to trim some expenses from the prior year by changes in staffing. The increase in revenues was primarily a function of the one cent sales tax being in place for the full year.

## **Business Type Activities**

Revenues for business type activities were \$254,118 and expenses were \$241,262. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The School Nutrition Fund is financially independent. Revenues pay all expenses for payroll, supplies and goods. Some equipment and kitchen repairs are also paid for by this fund.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, Wall Lake View Auburn Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,302,814, well above last year's ending fund balances of \$479,142.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$191,169 to \$702,201, due to reduced expenditures and staff reductions and a small increase in revenues
- The Capital Projects Fund balance increased due to revenues from the one cent sales tax.

### **Proprietary Fund Highlights**

School Nutrition Fund realized a slight increase in net assets from \$73,479 to \$86,335.

## **BUDGETARY HIGHLIGHTS**

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

The District was able to keep actual expenditures (\$4,599,656) well below actual receipts (\$5,436,184).

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2005, the District had invested \$752,270, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-3) This represents a net decrease of 2% from last year.

During fiscal year 2005 the District installed a fire alarm for \$15,500, spent \$13,400 to replace windows, spent \$13,200 for driveway improvements and purchased \$3,900 of equipment for the maintenance department and \$30,100 of equipment for food service operations.

**Figure A-3**

**Capital Assets (net of depreciation)**

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2004-2005
	2005	2004	2005	2004	2005	2004	
	\$	\$	\$	\$	\$	\$	
Land	20,000	20,000	0	0	20,000	20,000	0%
Buildings	573,217	587,066	0	0	573,217	587,066	(2%)
Improvements	16,888	5,344	0	0	16,888	5,344	216%
Equipment & Furniture	103,999	144,074	38,166	12,639	142,165	156,713	(9%)
<b>TOTAL</b>	<b>714,104</b>	<b>756,484</b>	<b>38,166</b>	<b>12,639</b>	<b>752,270</b>	<b>769,123</b>	<b>(2%)</b>

**Long-Term Debt**

At June 30, 2005 the District has no Long-Term Debt.

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could effect its financial health in the future:

- The District has experienced declining enrollment for the past several years. School financing is highly dependent upon student enrollment. The District's September 2005 enrollment again decreased. This drop in enrollment will decrease the District's funding for fiscal year 2007.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John Kraft, District Secretary/Treasurer and Business Manager, 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, 2005

	Governmental Activities	Business Type Activities	Total	Component Unit Wall Lake View Auburn Community School Foundation
	\$	\$	\$	\$
<b>Assets</b>				
Cash and cash equivalents:				
ISCAP	949,620	-	949,620	-
Other	1,507,813	43,090	1,550,903	259,049
Receivables:				
Property tax:				
Delinquent	24,977	-	24,977	-
Succeeding year	1,787,938	-	1,787,938	-
Accounts	5,191	27	5,218	-
Accrued interest - ISCAP	6,247	-	6,247	-
Due from other governments	238,599	-	238,599	-
Inventories	-	7,241	7,241	-
Capital assets, net of accumulated depreciation	714,104	38,166	752,270	-
<b>Total assets</b>	<b>5,234,489</b>	<b>88,524</b>	<b>5,323,013</b>	<b>259,049</b>
<b>Liabilities</b>				
Accounts payable	35,740	-	35,740	3,250
Salaries and benefits payable	328,390	-	328,390	-
Deferred revenue:				
Succeeding year property tax	1,787,938	-	1,787,938	-
Other	33,456	2,189	35,645	-
ISCAP warrants payable	946,000	-	946,000	-
ISCAP accrued interest payable	6,725	-	6,725	-
ISCAP premium	9,322	-	9,322	-
<b>Total liabilities</b>	<b>3,147,571</b>	<b>2,189</b>	<b>3,149,760</b>	<b>3,250</b>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2005

	Governmental Activities	Business Type Activities	Total	Wall Lake View Auburn Community School Foundation
	\$	\$	\$	\$
<b>Net assets</b>				
Invested in capital assets, net of related debt	714,104	38,166	752,270	-
Restricted for:				
Gifted and talented program	44,710	-	44,710	-
Management levy	50,548	-	50,548	-
Physical plant and equipment levy	175,159	-	175,159	-
Other special revenue purposes	83,634	-	83,634	-
Local option sales tax capital projects	281,272	-	281,272	-
Unrestricted	737,491	48,169	785,660	255,799
<b>Total net assets</b>	<u>2,086,918</u>	<u>86,335</u>	<u>2,173,253</u>	<u>255,799</u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2005

<b>Functions/Programs</b>	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	2,004,783	135,733	374,472	-
Special instruction	369,397	11,915	84,939	-
Other instruction	512,243	177,133	107,407	-
	<u>2,886,423</u>	<u>324,781</u>	<u>566,818</u>	<u>-</u>
Support services:				
Student services	77,135	-	-	-
Instructional staff services	66,897	-	-	-
Administration services	527,972	-	-	-
Operation and maintenance of plant services	389,393	1,249	848	-
Transportation services	224,753	-	1,535	-
	<u>1,286,150</u>	<u>1,249</u>	<u>2,383</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	15,625	-	-	-
AEA flowthrough	168,194	-	168,194	-
Depreciation (unallocated)*	44,382	-	-	-
	<u>228,201</u>	<u>-</u>	<u>168,194</u>	<u>-</u>
Total governmental activities	4,400,774	326,030	737,395	-
Business type activities:				
Non-instructional programs:				
Food service operations	241,262	145,505	108,431	-
Total primary government	4,642,036	471,535	845,826	-
Component Units:				
Wall Lake View Auburn Community School Foundation	1,549	-	241,828	-
Total	<u>4,643,585</u>	<u>471,535</u>	<u>1,087,654</u>	<u>-</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				

**Change in net assets**

Net assets beginning of year

Net assets end of year

\*This amount excludes the depreciation that is included in the direct expenses of the various programs.

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2005

<u>Net (Expense) Revenue and Changes in Net Assets</u>			
<u>Primary Government</u>			
<u>Governmental</u>	<u>Business</u>	<u>Total</u>	<u>Component</u>
<u>Activities</u>	<u>Type</u>		<u>Unit</u>
<u>Activities</u>	<u>Activities</u>		
(1,494,578)	-	(1,494,578)	-
(272,543)	-	(272,543)	-
(227,703)	-	(227,703)	-
<u>(1,994,824)</u>	<u>-</u>	<u>(1,994,824)</u>	<u>-</u>
(77,135)	-	(77,135)	-
(66,897)	-	(66,897)	-
(527,972)	-	(527,972)	-
(387,296)	-	(387,296)	-
(223,218)	-	(223,218)	-
<u>(1,282,518)</u>	<u>-</u>	<u>(1,282,518)</u>	<u>-</u>
(15,625)	-	(15,625)	-
-	-	-	-
(44,382)	-	(44,382)	-
<u>(60,007)</u>	<u>-</u>	<u>(60,007)</u>	<u>-</u>
(3,337,349)	-	(3,337,349)	-
-	12,674	12,674	-
(3,337,349)	12,674	(3,324,675)	-
-	-	-	240,279
<u>(3,337,349)</u>	<u>12,674</u>	<u>(3,324,675)</u>	<u>240,279</u>
1,796,216	-	1,796,216	-
46,731	-	46,731	-
75,044	-	75,044	-
266,830	-	266,830	-
1,882,350	-	1,882,350	-
45,398	182	45,580	777
9,072	-	9,072	-
<u>4,121,641</u>	<u>182</u>	<u>4,121,823</u>	<u>777</u>
784,292	12,856	797,148	241,056
<u>1,302,626</u>	<u>73,479</u>	<u>1,376,105</u>	<u>14,743</u>
<u>2,086,918</u>	<u>86,335</u>	<u>2,173,253</u>	<u>255,799</u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2005

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments:			
ISCAP	949,620	-	949,620
Other	1,010,157	497,656	1,507,813
Receivables:			
Property tax:			
Delinquent	23,005	1,972	24,977
Succeeding year	1,640,986	146,952	1,787,938
Accounts	5,191	-	5,191
Accrued interest - ISCAP	6,247	-	6,247
Due from other governments	146,012	92,587	238,599
<b>Total assets</b>	<b><u>3,781,218</u></b>	<b><u>739,167</u></b>	<b><u>4,520,385</u></b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	34,138	1,602	35,740
Salaries and benefits payable	328,390	-	328,390
ISCAP warrants payable	946,000	-	946,000
ISCAP accrued interest payable	6,725	-	6,725
ISCAP premium	9,322	-	9,322
Deferred revenue:			
Succeeding year property tax	1,640,986	146,952	1,787,938
Other	103,456	-	103,456
Total liabilities	<u>3,069,017</u>	<u>148,554</u>	<u>3,217,571</u>
Fund balances:			
Reserved for:			
Gifted and talented program	44,710	-	44,710
Unreserved reported in:			
General Fund	667,491	-	667,491
Special Revenue Funds	-	309,341	309,341
Capital Projects Fund	-	281,272	281,272
Total fund balances	<u>712,201</u>	<u>590,613</u>	<u>1,302,814</u>
<b>Total liabilities and fund balances</b>	<b><u>3,781,218</u></b>	<b><u>739,167</u></b>	<b><u>4,520,385</u></b>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

June 30, 2005

\$

**Total fund balances of governmental funds (Exhibit C)**

1,302,814

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

714,104

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.

70,000**Net assets of governmental activities (Exhibit A)**2,086,918

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2005

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	1,772,668	413,816	2,186,484
Tuition	86,480	-	86,480
Other	101,245	188,112	289,357
State sources	2,237,839	150	2,237,989
Federal sources	381,756	-	381,756
Total revenues	<u>4,579,988</u>	<u>602,078</u>	<u>5,182,066</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	2,002,333	-	2,002,333
Special instruction	369,397	-	369,397
Other instruction	358,130	150,361	508,491
	<u>2,729,860</u>	<u>150,361</u>	<u>2,880,221</u>
Support services:			
Student services	77,135	-	77,135
Instructional staff services	66,897	-	66,897
Administration services	461,534	61,753	523,287
Operation and maintenance of plant services	371,185	14,500	385,685
Transportation services	184,151	11,243	195,394
	<u>1,160,902</u>	<u>87,496</u>	<u>1,248,398</u>
Other expenditures:			
Facilities acquisition	-	61,581	61,581
AEA flowthrough	168,194	-	168,194
	<u>168,194</u>	<u>61,581</u>	<u>229,775</u>
Total expenditures	<u>4,058,956</u>	<u>299,438</u>	<u>4,358,394</u>
Net change in fund balances	521,032	302,640	823,672
Fund balances beginning of year	191,169	287,973	479,142
Fund balances end of year	<u>712,201</u>	<u>590,613</u>	<u>1,302,814</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, 2005

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		823,672
<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	45,956	
Depreciation expense	<u>(88,336)</u>	(42,380)
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>3,000</u>
<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>784,292</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2005

	School Nutrition
	<u>\$</u>
<b>Assets</b>	
Cash and cash equivalents	43,090
Accounts receivable	27
Inventories	7,241
Capital assets, net of accumulated depreciation	<u>38,166</u>
<b>Total assets</b>	88,524
<b>Liabilities</b>	
Deferred revenue	<u>2,189</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	38,166
Unrestricted	<u>48,169</u>
<b>Total net assets</b>	<u><u>86,335</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2005

	School Nutrition
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for service	<u>145,505</u>
Operating expenses:	
Non-instructional programs:	
Salaries and benefits	105,581
Supplies	131,118
Depreciation	4,563
	<u>241,262</u>
Operating gain (loss)	<u>(95,757)</u>
Non-operating revenue:	
State sources	3,554
Federal sources	104,877
Interest income	182
Total non-operating revenue	<u>108,613</u>
Change in net assets	12,856
Net assets beginning of year	<u>73,479</u>
Net assets end of year	<u><u>86,335</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2005

	School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	145,117
Cash payments to employees for services	(105,581)
Cash payments to suppliers for goods or services	(112,170)
Net cash used by operating activities	<u>(72,634)</u>
Cash flows from non-capital financing activities:	
State grants received	3,554
Federal grants received	86,551
Net cash provided by non-capital financing activities	<u>90,105</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(30,090)</u>
Cash flows from investing activities:	
Interest on investments	<u>182</u>
Net increase (decrease) in cash and cash equivalents	(12,437)
Cash and cash equivalents at beginning of year	<u>55,527</u>
Cash and cash equivalents at end of year	<u><u>43,090</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(95,757)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	18,326
Depreciation	4,563
Decrease (increase) in inventories	622
Decrease (increase) in accounts receivable	91
(Decrease) increase in deferred revenue	(479)
Net cash used in operating activities	<u><u>(72,634)</u></u>

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

During the year ended June 30, 2005, the District received \$18,326 of federal commodities.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2005

	Private Purpose Trust Scholarship
	<u>\$</u>
<b>Assets</b>	
Cash and pooled investments	12,392
<b>Liabilities</b>	<u>-</u>
<b>Net Assets</b>	
Reserved for scholarships	<u><u>12,392</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2005

	Private Purpose Trust Scholarship <u>\$</u>
Additions:	
Local sources:	
Gifts and contributions	299
Interest	<u>152</u>
Total additions	451
Deductions	<u>-</u>
Change in net assets	451
Net assets beginning of year, as restated	<u>11,941</u>
Net assets end of year	<u><u>12,392</u></u>

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

**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 fund:

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

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

### 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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004, through June 30, 2005, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

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

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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, 2005.

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, 2005 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. 40.

### **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, 2005, is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2004-05A	6/30/04	6/30/05	125	-	-	-
2004-05B	1/28/05	1/27/05	453,306	6,141	452,000	95
2005-06A	6/30/05	6/30/06	496,189	106	494,000	6,630
Total			<u>949,620</u>	<u>6,247</u>	<u>946,000</u>	<u>6,725</u>

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, 2005, is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	-	-	-

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
	%	%
2004-05A	3.000	2.463
2004-05B	3.500	2.280
2005-06A	4.000	3.903

#### 4. Capital Assets

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	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	28,903	-	2,493,244
Improvements other than buildings	418,519	13,174	-	431,693
Furniture and equipment	747,833	3,879	52,008	699,704
Total capital assets being deprec.	<u>3,630,693</u>	<u>45,956</u>	<u>52,008</u>	<u>3,624,641</u>
Less accumulated depreciation for:				
Buildings	1,877,275	42,752	-	1,920,027
Improvements other than buildings	413,175	1,630	-	414,805
Furniture and equipment	603,759	43,954	52,008	595,705
Total accumulated depreciation	<u>2,894,209</u>	<u>88,336</u>	<u>52,008</u>	<u>2,930,537</u>
Total capital assets being depreciated, net	<u>736,484</u>	<u>(42,380)</u>	-	<u>694,104</u>
Governmental activities capital assets, net	<u>756,484</u>	<u>(42,380)</u>	-	<u>714,104</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	35,023	30,090	-	65,113
Less accumulated depreciation	<u>22,384</u>	<u>4,563</u>	-	<u>26,947</u>
Business type activities capital assets, net	<u>12,639</u>	<u>25,527</u>	-	<u>38,166</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	2,450
Other	3,752
Support Services:	
Administration services	4,685
Operation and maintenance of plant services	3,708
Transportation	<u>29,359</u>
	43,954
Unallocated depreciation	<u>44,382</u>
Total depreciation expense – governmental activities	<u>88,336</u>
Business type activities:	
Food services	<u>4,563</u>

## **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, 2005, 2004 and 2003. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$130,145, \$138,410, and \$145,996 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 \$168,194 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## **8. Related Party Transactions**

Charles Brotherton, a board member is a part owner of Lake View Lumber and Wall Lake Lumber. During the year ended June 30, 2005 Wall Lake View Auburn Community School District purchased approximately \$36,473 of building materials and supplies from these two businesses.

## **9. Statement of Fiduciary Net Assets, Restatement of Beginning Net Assets**

The beginning net assets of the Fiduciary, Private Purpose Trust Funds was increased by \$11,941 for scholarship funds that are owned by the District, but were not part of the District's financial accounting system and were not included in prior year financial statements.

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, 2005

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$		\$	\$
Revenues:						
Local sources	2,562,321	145,687	2,708,008	2,474,290	2,474,290	233,718
State sources	2,237,989	3,554	2,241,543	2,325,933	2,325,933	(84,390)
Federal sources	381,756	104,877	486,633	290,000	290,000	196,633
Total revenues:	<u>5,182,066</u>	<u>254,118</u>	<u>5,436,184</u>	<u>5,090,223</u>	<u>5,090,223</u>	<u>345,961</u>
Expenditures:						
Instruction	2,880,221	-	2,880,221	3,454,440	3,454,440	574,219
Support services	1,248,398	-	1,248,398	1,395,794	1,395,794	147,396
Non-instructional programs	-	241,262	241,262	321,689	321,689	80,427
Other expenditures	229,775	-	229,775	230,202	230,202	427
Total expenditures	<u>4,358,394</u>	<u>241,262</u>	<u>4,599,656</u>	<u>5,402,125</u>	<u>5,402,125</u>	<u>802,469</u>
Excess (deficiency) of revenues over (under) expenditures	823,672	12,856	836,528	(311,902)	(311,902)	1,148,430
Balance beginning of year	<u>479,142</u>	<u>73,479</u>	<u>552,621</u>	<u>311,902</u>	<u>311,902</u>	<u>240,719</u>
Balance end of year	<u><u>1,302,814</u></u>	<u><u>86,335</u></u>	<u><u>1,389,149</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,389,149</u></u>

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2005

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

In accordance with the Code of Iowa, the 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, 2005

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	49,192	85,236	174,543	188,685	497,656
Receivables:					
Property tax:					
Delinquent	1,356	-	616	-	1,972
Succeeding year	100,000	-	46,952	-	146,952
Due from other governments	-	-	-	92,587	92,587
<b>Total assets</b>	<b>150,548</b>	<b>85,236</b>	<b>222,111</b>	<b>281,272</b>	<b>739,167</b>
<b>Liabilities &amp; Fund Balances</b>					
Liabilities:					
Accounts payable	-	1,602	-	-	1,602
Deferred revenue:					
Succeeding year property tax	100,000	-	46,952	-	146,952
Total liabilities	100,000	1,602	46,952	-	148,554
Fund balances:					
Unreserved fund balance reported in:					
Special Revenue Funds	50,548	83,634	175,159	-	309,341
Capital Projects Fund	-	-	-	281,272	281,272
Total fund balances	50,548	83,634	175,159	281,272	590,613
<b>Total liabilities and fund balances</b>	<b>150,548</b>	<b>85,236</b>	<b>222,111</b>	<b>281,272</b>	<b>739,167</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, 2005

	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	100,255	-	46,731	266,830	413,816
Other	1,600	177,303	6,809	2,400	188,112
State sources	103	-	47	-	150
Total revenues	<u>101,958</u>	<u>177,303</u>	<u>53,587</u>	<u>269,230</u>	<u>602,078</u>
Expenditures:					
Current:					
Instruction:					
Other instruction	-	150,361	-	-	150,361
Support services:					
Administration services	61,753	-	-	-	61,753
Operation and maintenance of plant services	14,500	-	-	-	14,500
Transportation services	9,843	1,400	-	-	11,243
Other expenditures:					
Facilities acquisition	-	-	-	61,581	61,581
Total expenditures	<u>86,096</u>	<u>151,761</u>	<u>-</u>	<u>61,581</u>	<u>299,438</u>
Excess (deficiency) of revenues over (under) expenditures	15,862	25,542	53,587	207,649	302,640
Fund balances beginning of year	<u>34,686</u>	<u>58,092</u>	<u>121,572</u>	<u>73,623</u>	<u>287,973</u>
Fund balances end of year	<u><u>50,548</u></u>	<u><u>83,634</u></u>	<u><u>175,159</u></u>	<u><u>281,272</u></u>	<u><u>590,613</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2005

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Yearbook	788	11,478	11,516	-	750
Student council	1,239	6,012	6,300	167	1,118
JH student council	1,035	106	-	-	1,141
Cheerleading	1,409	544	345	332	1,940
Co-op and Greenthumb	5,703	9,563	4,079	280	11,467
FFA	1,178	41,260	38,776	(280)	3,382
FHA	959	-	-	-	959
Thespians	1,300	2,829	2,436	(686)	1,007
National Honor Society	1,345	-	44	-	1,301
Drill team	2,957	10,869	9,082	390	5,134
Baseball	336	1,866	4,963	2,961	200
Athletics	152	13,265	2,322	(7,300)	3,795
Softball	4,796	5,451	8,618	2,307	3,936
Basketball	2,194	17,460	13,661	780	6,773
Football	1,027	5,685	6,516	390	586
Track	206	709	1,056	341	200
Golf	-	33	810	977	200
Volleyball	608	8,693	6,102	390	3,589
Wrestling	234	985	1,320	162	61
Weightlifting	601	100	535	-	166
Class of 2003	33	-	-	(33)	-
Class of 2004	177	-	-	(177)	-
Class of 2005	536	-	435	10	111
Class of 2006	15	1,656	5,322	4,147	496
Class of 2007	39	128	-	10	177
Class of 2008	-	91	103	12	-
Band	(2,676)	2,374	814	1,216	100
Chorus	263	91	883	562	33
Marketing	1,236	-	1,000	-	236
Chicago trip	336	10,149	9,825	-	660
Elementary activities	4,563	-	-	-	4,563
5th/6th grade student council	1,767	-	-	-	1,767
Concessions	-	12,850	8,000	(4,850)	-
Concession maintenance	1,053	-	-	387	1,440
Softball concessions	1,426	4,409	1,611	(1,507)	2,717
Baseball concessions	1,982	4,258	1,877	(988)	3,375
Industrial tech. mass production	650	1,841	2,426	-	65
Band	5,000	-	-	-	5,000
Band/Choir Trip	2,800	2,069	1,790	-	3,079
Wall Lake activities	13,233	479	-	-	13,712
June 30, 2005 accounts payable	(2,408)	-	(2,408)	-	-
June 30, 2006 accounts payable	-	-	1,602	-	(1,602)
<b>Total</b>	<b>58,092</b>	<b>177,303</b>	<b>151,761</b>	<b>-</b>	<b>83,634</b>

See accompanying independent auditor's report.

## 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			
	2005	2004	2003	2002
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	2,186,484	2,056,897	1,814,496	1,677,415
Tuition	86,480	166,094	114,679	107,890
Other	289,357	206,621	213,704	294,823
State sources	2,237,989	2,061,465	2,158,923	2,139,644
Federal sources	381,756	281,890	210,919	123,153
Total revenues	<u>5,182,066</u>	<u>4,772,967</u>	<u>4,512,721</u>	<u>4,342,925</u>
Expenditures:				
Instruction:				
Regular instruction	2,002,333	2,177,654	2,214,095	2,117,149
Special instruction	369,397	473,091	557,824	503,583
Other instruction	508,491	385,898	396,228	385,273
Support services:				
Student services	77,135	123,124	109,615	103,720
Instructional staff services	66,897	38,773	40,629	38,093
Administration services	523,287	496,927	486,123	483,588
Operation and maintenance of plant services	385,685	337,200	371,463	287,544
Transportation services	195,394	224,222	154,463	146,271
Non-instructional programs	-	30,122	36,028	34,816
Other expenditures:				
Facilities acquisition	61,581	40,014	29,359	46,785
AEA flowthrough	168,194	171,059	183,905	183,567
Total expenditures	<u>4,358,394</u>	<u>4,498,084</u>	<u>4,579,732</u>	<u>4,330,389</u>

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

To the 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wall Lake View Auburn Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 30, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 opinions on the financial statements and not to provide an opinion 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 judgment, 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 05-I-A, 05-I-B, 05-I-C and 05-I-D are material weaknesses.

### Compliance and Other Matters

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 grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in 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, 2005 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wall Lake View Auburn Community School District and other parties to whom Wall Lake View Auburn Community School 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 30, 2005

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Reportable Conditions:

05-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.

05-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.

05-I-C School Expenditure Supporting Documentation and Board Approval: We noted the following items during our testing of District expenditures:

General Fund – We tested five credit card payments. Three payments totaling \$498 were not supported by detailed invoices or receipts. All five of the credit card payments tested were paid electronically. We also tested 15 other General Fund expenditures and noted that mileage reimbursements were not supported by a log that listed date of travel, location, number of miles and business purpose.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

Part I: Findings Related to the Financial Statements (Continued):

Management Fund – We tested two expenditures. One payment of \$83,856 for the District's annual property, liability and workman's compensation insurance premiums was not on the list of bills approved by the board.

Capital Projects Fund – We tested four expenses. One payment of \$12,455 was not on the list of bills approved by the board.

Student Activity Fund – We tested fifteen expenditures. For seven of the items, totaling \$6,292, tested there were no detailed receipts or invoices to support the expenditure, including one check of \$3,600 for cash. Two of the Student Activity Fund expenditures tested were not on the lists of bills approved by the board.

Recommendation: All District payments should be supported by detailed invoices, receipts, contracts or other documents prepared by or signed by entities outside of the District. These documents should specify exactly what the District is paying for and the amount to be paid. All mileage reimbursements should be supported by a mileage log listing date, location, number of miles and business purpose.

The board should adopt a policy that specifies what types of items may be paid electronically and that specifies the controls that the District will use to ensure that procedures for electronic payments follow the requirements for all school payments that are set by Iowa law.

The District should also review its procedures for preparing the lists of bills for board approval. 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. The 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. Except as expressly permitted, no checks should be prepared for claims that have not been properly audited and allowed. Any payments made prior to board approval as allowed should be approved by the board at the next meeting.

District Response: We are in the process of reviewing and changing our current procedures.

Conclusion: Response accepted.

05-I-D

Completeness of Accounting Records: We noted that a music checking account and scholarship trust fund certificates of deposit are not part of the District's computerized financial accounting and reporting system. Therefore the revenues and expenditures from these bank accounts are not included in the District's accounting records. Transactions within these bank accounts have not been subjected to the control system the District has for all other financial transactions.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

Part I: Findings Related to the Financial Statements (Continued):

Recommendation: All District 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. All District monies, bank accounts and investments should become part of the District's fund accounting system and should be subject to the same controls as all other District funds.

District Response: We will review our procedures for handling the music bank account and scholarship certificates of deposit.

Conclusion: Response accepted.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

Part II: Other Findings Related to Statutory Reporting:

05-II-A Official Depositories: Official depositories have been approved by the District. The maximum deposit amounts approved were exceeded during the year ended June 30, 2005.

Recommendation: The District should increase the maximum dollar amount allowed by its depository resolution so that the maximum will not be exceeded during the times when cash flow of the District is the greatest.

District Response: We have increased the maximum deposit amount allowed by our depository resolution.

Conclusion: Response accepted.

05-II-B Certified Budget: Disbursements for the year ended June 30, 2005 did not exceed the amounts budgeted.

05-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.

05-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.

05-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> \$
Chuck Brotherton, Board Member, owner of Lake View Lumber and Wall Lake Lumber	Supplies	36,473

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.

05-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.

05-II-G Board Minutes: Except as explained in comment 05-I-C and 05-I-D we noted no expenditures requiring board approval that had not been approved.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

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

05-II-H Certified Enrollment: The number of basic resident students reported to the Iowa Department of Education on Line 1 of the Certified Enrollment Certification Form for September 2004, was overstated by six students.

Recommendation: The District should review its procedures for compiling the data that is included on the Certified Enrollment Certification Form. A schedule showing how the number of students was calculated for each line of the form should be included along with class lists as part of the documentation for enrollment numbers.

District Response: We will review our procedures.

Conclusion: Response accepted.

05-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.

05-II-J Certified Annual Report (CAR): The CAR was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

05-II-K Interest Rate on Certificates of Deposit: We noted one certificate of deposit that had an interest rate below the minimum rate set by the State of Iowa.

Recommendation: The District should contact the bank to get the rate adjusted.

District Response: We have already done this.

Conclusion: Response accepted.

05-II-L Old Outstanding Checks: We noted that the District's bank reconciliations included approximately \$7,000 of old outstanding checks. Iowa Code Section 566 specifies that holders unclaimed property, which includes outstanding checks, must file a report with and send the unclaimed property to the Treasurer of Iowa.

Recommendation: The District should investigate the status of all old outstanding checks. Checks that were issued in error or in duplicate should be voided and removed from the list of outstanding checks. The District should search for the owners of all other outstanding checks, then reissue new checks if the owners are found. If the owners can not be found, the District must file an unclaimed property report with and send the money to the Treasurer State of Iowa.

Response: We will begin investigating the status of old outstanding checks and we will file an unclaimed property report with the Treasurer of Iowa if necessary.

Conclusion: Response accepted.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2005

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

05-II-M Student Activity Fund and Nutrition Fund Expenditure Procedures: We noted that the board secretary and board president were not signing Student Activity Fund and Nutrition Fund checks. Iowa Code section 291.8 requires that the Board Secretary's original or facsimile signature appear on all checks. Iowa Code section 291.1 requires that the Board President's original or facsimile signature appear on all checks. Code section 291.1 also states that "The board of directors, by resolution, may designate an individual, who shall not be the secretary, to sign warrants on behalf of the president".

Recommendation: The District should revise its procedures for check signatures to comply with the above code sections.

District Response: We will review our current procedures.

Conclusion: Response accepted.