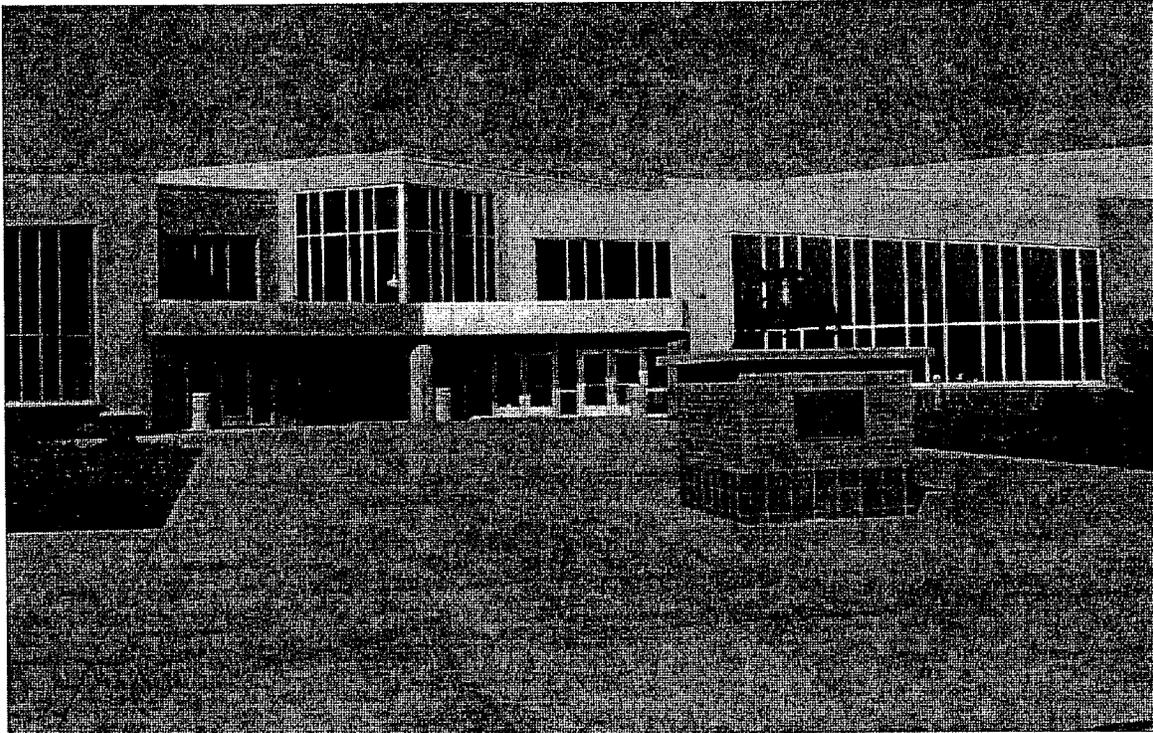


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

Council Bluffs, Iowa

For the fiscal year ended June 30, 2006



Lewis Central High School

OFFICIAL ISSUING REPORT

Arthur Hill

Business Manager

OFFICE ISSUING REPORT

Business Office

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

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LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

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Introductory Section



LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

1600 East South Omaha Bridge Road
Council Bluffs, Iowa 51503
(712) 366-8202

December 31, 2006

Mr. Don Christensen, President
and Members of the Board of Education
Lewis Central Community School District
Council Bluffs, Iowa

We are pleased to submit to you the Comprehensive Annual Financial Report of the Lewis Central Community School District for the year ending June 30, 2006. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds and account groups of the District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

To facilitate the understanding of the District's financial affairs, the Comprehensive Annual Financial Report (CAFR) is presented in four sections:

Introductory Section – This section includes this transmittal letter, a list of principal officers and the District's organizational chart.

Financial Section – This section includes the management's discussion and analysis, the basics financial statements – government-wide statements and fund statements, required supplementary information, notes to the financial statements and the report of the independent accountants on the financial statements and schedules.

Statistical Section – This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

Single Audit Section – This section includes audit reports relating to the Board's single audit over internal control, federal and state awards, as well as a Schedule of Expenditures of Federal Awards.

This letter of transmittal is designed to compliment the Management's Discussion and Analysis included within the financial section of the CAFR and should be read in conjunction with it.

Lewis Central Community School District

The District is governed by a seven-member elected Board of Education who serve staggered terms of three years. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The District is the thirty-second largest of Iowa's 367 public school systems. The enrollment is approximately 2,560 students. The District operates one regular high school, one middle school and two elementary schools. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students.

The District is supported financially by state aid, property taxes, income surtaxes, state and federal grants for special projects and local revenue received for tuition and other services.

Economic Condition and Outlook

The Lewis Central Community School District is located in Pottawattamie and Mills Counties in western Iowa. Lewis Central serves a portion of the City of Council Bluffs, as well as surrounding unincorporated areas. Council Bluffs is Iowa's fifth largest city, and is a part of the greater Omaha area. Residents of the school district enjoy all of the amenities of a metropolitan city including close proximity to commercial air service at Omaha's Eppley Air Field, as well as a diverse employment base.

In 2000, Council Bluffs had 22,913 households and an average of 2.54 persons per household. There were 1.15 million households statewide with an average of 2.54 persons per household. Compared to the state, Council Bluffs had a higher proportion of young people (19 or younger) and a lower proportion of older people (age 65+).

Council Bluffs businesses have made an impact at both the national and international level. Local industry includes everything from specialized sound equipment to teleservices, insurance, printing, robotic systems and sophisticated telecommunication equipment. The community continues to expand as a major food processing center as well, producing several nationally known consumer labels.

Changes in state law have also allowed gambling expansion, boosting the local economy and providing hundreds of new jobs and avenues of entertainment. In fact, Council Bluffs was named Iowa's Tourism Community in 1996, 1997, 1999 and 2001. The community's three casinos attract more than 10 million visitors annually placing Council Bluffs among the top 20 gaming resort destinations in the country.

Retail sales in Council Bluffs totaled \$798.70 million in 2004. Compared to 2003, sales increased \$1.99 million or .24%. Retail sales in Council Bluffs amounted to \$13,617 per capita in 2004 which was well above the statewide average of \$9,708. The number of retail firms increased from 1,224 in 2003 to 1,232 in 2004.

On December 4, 2001, the voters in Pottawattamie County passed a one-cent local option sales tax. Ninety-seven of Iowa's ninety-nine counties have passed this issue. The funds may be used for school infrastructure purposes and/or property tax relief. A five-year building repair and expansion plan was adopted by the District, along with property tax relief.

Current tentative budget projections indicate that the 2006-07 control budget will increase approximately \$904,204 or 7.40%. This is considerably larger than the \$500,846 "new money" for 2005-06. This estimated rate of growth will somewhat help cover increased costs in the areas of staffing, capital outlay and day-to-day operations. The increase in new dollars for 2006-07 is due to the state funding formula. This formula projects an increase for a one-year period based on September's enrollment for the current budget year multiplied by the state cost per pupil for the 2006-07 school year based upon 4% allowable growth. In previous years, this allowable growth has been in the 2% range.

Supporting the need to reduce class sizes, on September 13, 2005, the voters of the Lewis Central School District renewed 10-year funding of the Instructional Support Levy in the amount (after taking into consideration instructional support state aid) of not exceeding ten percent (10%) of the total of regular program district cost for the budget year. Annual authorization, as determined by the Board of Directors, to levy a combination of an instructional support property tax upon all the taxable property within the school district commencing with the levy of property taxes for collection in the fiscal year ending June 30, 2007, and to impose an instructional support income surtax upon the state individual income tax of each individual income taxpayer resident in the school district on December 31 for each calendar year commencing with calendar year 2007, or each year thereafter, the percent of income surtax to be determined by the Board for each fiscal year to be used for any general fund purpose.

The financial solvency ratio of the District is a measure of the District's year-end position after payment of all current and outstanding or accrued liabilities. The District's financial solvency ratio has increased from 7.09% at the end of the 1996-97 fiscal year to 13.22% at the end of the 2005-06 fiscal year.

Major Initiatives and Achievements

The 2005-06 school year was a productive one for the Lewis Central Community School District. The District continued to expand technology, update curriculum and standards and invest in staff development with the goal of impacting student achievement.

Student Achievement

The Lewis Central Community Schools provides a comprehensive program in an effort to meet the needs of all of our students including Talented and Gifted (TAG), English Language Learners (ELL), and Special Education. High School students have the opportunity to earn college credit through Iowa Western Community College. We have numerous support services in place to meet the needs of At-Risk students as well. To compliment their academic program, students at Lewis Central can choose to participate in a strong Fine Arts Program and a wide array of extra-curricular activities.

The district's ACT scores are consistently higher than national and state averages. A large percentage of the graduating class of 2005 took the ACT college admission test (134 of the 178 graduates - 75%). Of these 134 students, 76% of them scored 20 or higher (compared to 70% in Iowa and 59% nationally) and the average composite score for the class was 22.3 (compared to 22.0 in Iowa and 20.9 nationally).

Technology

The Lewis Central Community Schools are committed to ensuring that students are prepared to succeed in today's highly technological work environment. All computers in the district are fully networked with internet access and are replaced with newest technology every four years. Some 650 student computers in 12 instructional labs and in classrooms provide access for students for career exploration, research and project creation. Teachers use email and the district website to communicate with parents and community. Computer adaptive achievement level tests provide strong instructional information to students, teachers and parents in reading and mathematics in grades 2-8. Wireless laptop labs extend services for kindergarten through second grade for skills development, writing and exploration.

Community Involvement

The Lewis Central Community School District continues to encourage input and participation from the community. Volunteers enhanced our students' learning experiences by serving as tutors and classroom resource speakers, assisting teachers in class or on field trips, helping interview for teacher and administrator openings, supporting extra-curricular events and serving on district and building-level committees.

Many Lewis Central area residents served on school advisory committees in 2004-05, on topics ranging from school improvement, to facilities, to technology, to hiring. Their input and involvement ensures that the District reflects the needs and values of the community.

In addition, the Lewis Central Community School District Parent-Teacher Association continued their active involvement in support of District students, staff and programs this year. The PTA also provided hundreds of volunteer hours in the buildings and classrooms. The District is well served by volunteers in the Lewis Central Booster Club and Lewis Central Foundation.

Mission Statement

The mission statement of the Lewis Central Community School District as a partner with home and community, to empower all learners to excel in a rapidly changing world by offering stimulating and diverse learning experiences, which results in changed lives and a commitment to help others.

The Board has expectations for student learning that it sets forth as belief statements. They believe that:

- Each individual has worth and deserves to be treated with respect.
- All individuals can and will learn.
- All people need significant human relationships.
- Higher expectations yield higher results.
- Families, schools, and communities share responsibility for the development of the individual.
- Schools reflect the diversity of society.
- Diversity in learners requires diversity in educational opportunities.
- Diverse educational opportunities benefit all learners.
- Learning is life-long.

In addition, the Board has expectations for student achievement goals. They believe that students of the Lewis Central Community School District will:

- Read to understand and interpret information and for enjoyment.
- Write to communicate ideas and convey information to an audience.
- Adapt and apply listening and speaking skills to given situations.
- Use math skills to solve real-world problems.
- Access and use sources of information to solve problems and make decisions independently and as a member of a team.
- Use reasoning skills to make decisions and solve problems.
- Apply scientific concepts to understand self, world and universe.
- Use technology to support learning and enhance daily living in a rapidly changing world.
- Know and apply principles to democracy to be productive citizens.
- Understand the concepts and benefits of healthy living.
- Demonstrate job-seeking and job-keeping skills.
- Experience and develop an awareness of the arts.

Financial Information

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund and Debt Service Fund are included in the annual budget. The level of budgetary control, (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information

to interested parties, the District prepares a more detailed budget for each fund. The following information reflects the comprehensive budget for these individual funds rather than demonstrating compliance at the legal level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Basis of Presentation

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and management’s Discussion and Analysis – for State and Local Governments (GASB 34). This statement represents a significant change in the way state and local governments present basic financial information. Beginning in fiscal year 2002-03, the District implemented this statement.

GASB 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide statements prepared on the accrual basis of accounting, and fund financial statements which presents information for individual major funds and aggregate non-major funds rather than by fund type.

The charts and accounts used by the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of States, Local Governments and Non-Profit Organizations* issued by the American Institute of Certified Public Accountants. In addition, the District’s accounting records conform to the Uniform Accounting System for Iowa Schools and Area Educational Agencies issued by the Department of Education, State of Iowa. The chart of accounts is updated annually and the District is in full compliance with these requirements.

Cash Management

The District, in its effort to be a good manager of public funds, competitively bids its banking services. District funds are invested at U.S. Bank earning 50 basis points above the daily federal funds rate. Interest revenue of \$288,573 was earned on all investments for the year ended June 30, 2006, an increase of \$204,797 from fiscal year 2005.

The District’s investment policy establishes the following objectives:

Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective.

Liquidity: Maintaining the necessary liquidity to match expected liabilities is the second objective.

Return: Obtaining a reasonable return is the third investment objective.

Risk Management

The District currently covers property, liability and worker’s compensation losses with traditional insurance coverage through the Iowa Association of School Board’s group plan carried by Employer’s Mutual Insurance Company. The group health plan is carried by Mutual of Omaha and the dental plan is carried by MetLife.

Independent Audit

State law and District policy require an annual audit to be made of the books of account, financial records and transactions of all funds of the District by a Certified Public Accountant selected by the Board of Directors of the District. We have complied with this requirement. The report of our independent accountants, Nolte, Cornman and Johnson, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United States of America and, accordingly, included a review of the District’s system of budgetary and accounting controls.

Acknowledgements

The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This report would not have been possible without the help of several people. We would like to express our appreciation to all District, City and County employees who assisted in the preparation of this report.

Finally, sincere appreciation is extended to the Board of Education, where commitment to excellence begins.

It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Education.



Art Hill
Business Manager
Board Secretary/Treasurer



Dr. Mark A. Schweer
Superintendent of Schools

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

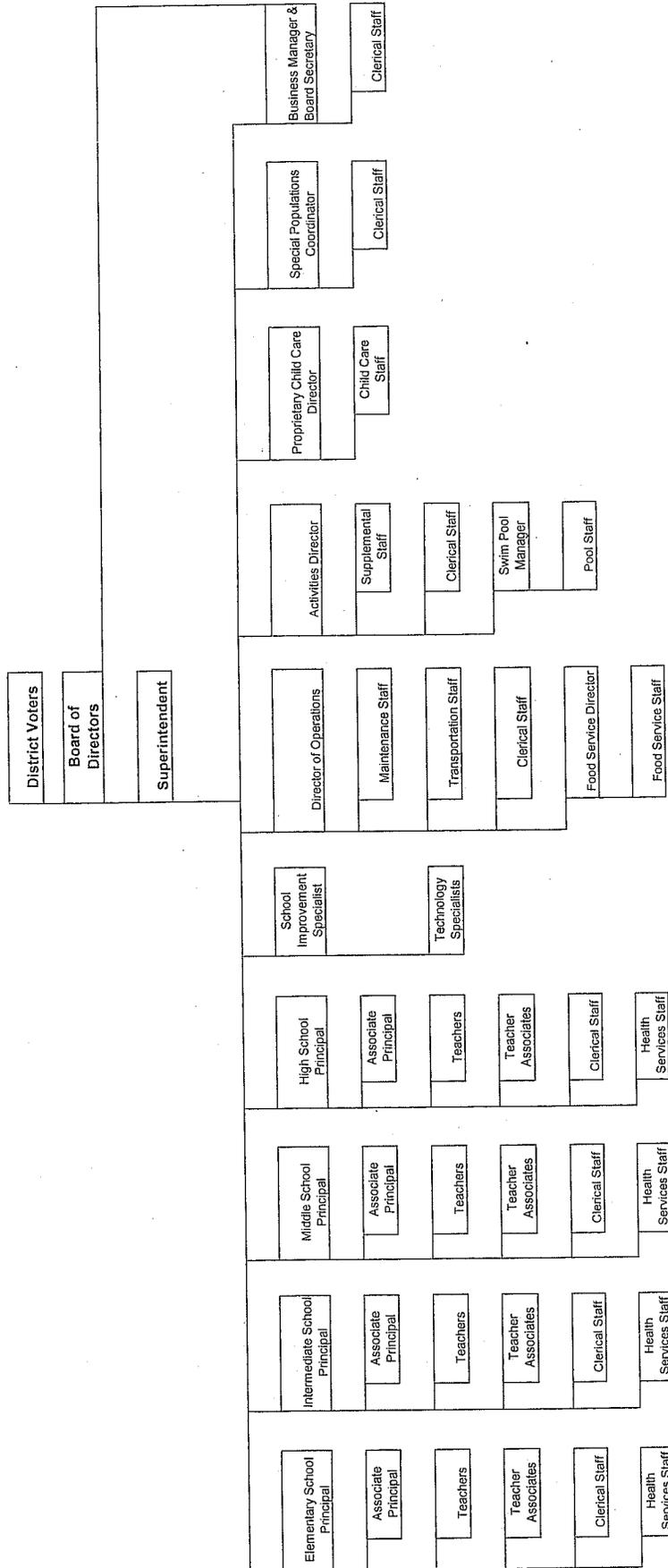
For the Fiscal Year Ended June 30, 2005

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Lewis Central Community School District
 Organization Chart



Lewis Central Community School District

Board of Education and District Administration

Year ended June 30, 2006

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2005 Election)		
Randy Portrey	President	2005
Don Christensen	Vice President	2007
Shelly Robinson	Board Member	2005
Scott Charleson	Board Member	2006
Dorene Scheffel	Board Member	2006
Daryl Weilage	Board Member	2006
Bob Mundt	Board Member	2007
Board of Education (After September 2005 Election)		
Don Christensen	President	2007
Dorene Scheffel	Vice President	2006
Scott Charleson	Board Member	2006
Daryl Weilage	Board Member	2006
Bob Mundt	Board Member	2007
Amie Studer	Board Member	2008
Daniel Feller	Board Member	2008
District Administration		
Mark Schweer	Superintendent	2006
Dave Black	School Improvement Specialist	2006
Doug Radke	Principal - High School	2006
Sean Dunphy	Principal - Middle School	2006
Kent Stopak	Principal - Intermediate School	2006
Barbara Grell	Principal - Elementary School	2006
Jeffrey Carper	Director of Operations	2006
Stephen Padilla	Activity Director	2006
Laurie Thies	Coordinator of Special Populations	2006
Donna Gregory	Board Secretary/Business Manager	2006

Lewis Central Community School District

Consultants and Advisors

Year ended June 30, 2006

CERTIFIED PUBLIC ACCOUNTANT

Nolte, Cornman & Johnson P.C.
117 West 3rd Street North
Newton, IA 50208-3040

BOND ATTORNEYS

Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, IA 50309-2207

FINANCIAL CONSULTANTS

Piper Jaffray, Inc.
699 Walnut Street
Des Moines, IA 50309-2207

GENERAL COUNSEL

Primary:

Smith Peterson Law Firm, LLP
35 Main Place, Suite 300
Council Bluffs, IA 51503

Additional:

Gruhn Law Firm
4089 21st Ave SW, Suite 114
Cedar Rapids, IA 52404

INSURANCE CONSULTANT

SilverStone Group Inc.
300 W Broadway, Suite 200
Council Bluffs, IA 51503

ARCHITECTS & ENGINEERS

Bahr Vermeer Haecker Architects
1425 Jones Street
Omaha, NE 68102

OFFICIAL DEPOSITORIES

US Bank
P.O. Box 524
St. Louis, MO 63166-0524

Peoples National Bank
P.O. Box 557
Council Bluffs, IA 51502-0557

Iowa Schools Joint Investment Trust
Bankers Trust
P.O. Box 897
Des Moines, IA 50304

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Lewis
Central

Financial Section

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Lewis Central Community School District:

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lewis Central Community School District, Council Bluffs, Iowa, as of and for the year ended June 30, 2006, 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 an opinion 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 basic 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 that our audit provides a reasonable basis for our opinion.

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, and the aggregate remaining fund information of the Lewis Central Community School District at June 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof 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 October 12, 2006 on our consideration of the Lewis Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

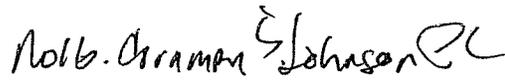
The Management's Discussion and Analysis and budgetary comparison information on pages 16 through 22 and 47 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, 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 an opinion on the financial statements that collectively comprise Lewis Central Community School District's basic financial statements. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of

Members American Institute & Iowa Society of Certified Public Accountants

States and Local Governments and Non-Profit Organizations, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Lewis Central Community School District. Such information has been subjected to the auditing procedures applied in the 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.

The accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.



NOLTE, CORNMAN & JOHNSON, P.C.

October 12, 2006

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management has prepared the following discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2006 in order to enhance the readers' understanding of the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net assets for governmental activities were \$11,598,163 at June 30, 2006 compared to \$9,838,431 at June 30, 2005, an increase of 17.89%.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$2,643,137 or 13.22% of total general fund revenues compared to prior years unreserved fund balance of \$2,771,382 or 14.58% of total general fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The audited financial statements of the District consist of three components: They are as follows:

- Management Discussion and Analysis
- Basic Financial Statements, which include government-wide financial statements, fund financial statements and notes to the financial statements
- Required supplemental section that represents individual statements and schedules

The Basic Financial Statements include two types of statements that present different views of the District's finances. The first is the government-wide statements. These statements are presented on a full accrual basis of accounting and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets includes all of the District's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due dates for liabilities. This statement provides a summary of the District's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the District's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statement included in the basic financial statements is the fund financial statements, which are presented for the Board's governmental funds and proprietary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statement provides information about the District as an economic unit while the fund financial statements provide information on the financial resources of the District's funds. The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. earned but unused vacation leave).

Government-wide statements

The government-wide financial statements report information about the District as a whole using the 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 paid or received.

These 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 – is one way to measure the Board's financial health or position.

- Over time, an increase or decrease in the District's net assets may indicate whether its financial position is improving or deteriorating.
- To assess the District's overall financial health, one needs to consider additional non-financial factors such as changes in the condition of its school buildings and other physical assets.

The District's activities are divided into two categories on the government-wide statements:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Local funding, as well as state and federal aid, finances most of these activities.
- **Business-type activities:** The District charges fees to cover the costs of certain services it provides. School food service is included here.

Fund Financial Statements

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

The District has three types of funds:

Governmental funds: Most of the District's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flows in and out and the balances remaining at year-end that are available for spending. As a result of this focus, the governmental funds 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 term 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, in the form of a reconciliation, explains the relationship (or differences) between them.

Proprietary Fund: Services for which the District charges a fee are generally reported in the proprietary fund. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The District has three proprietary funds – the School Food Service Fund, the Lucky Children Day Care Fund and the Swimming Pool Fund.

Fiduciary Fund: This is a custodial fund in which the District acts as an agent for other groups. The District has one fiduciary fund – the Agency Fund.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets are an indicator of the fiscal health of the District. The District's net assets were \$12,199,114 at June 30, 2006 compared to \$10,457,730 at June 30, 2005. (See Table 1).

Table 1
Condensed Statement of Net Assets

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other assets	\$ 22,671,722	13,199,293	252,415	241,265	22,924,137	13,440,558	70.56%
Capital assets	24,318,949	24,408,637	389,484	400,419	24,708,433	24,809,056	-0.41%
Total assets	46,990,671	37,607,930	641,899	641,684	47,632,570	38,249,614	24.53%
Long-term obligations	25,711,721	16,209,226	0	0	25,711,721	16,209,226	58.62%
Other liabilities	9,680,787	11,560,273	40,948	22,385	9,721,735	11,582,658	-16.07%
Total liabilities	35,392,508	27,769,499	40,948	22,385	35,433,456	27,791,884	27.50%
Net assets:							
Invested in capital assets, net of related debt	8,414,203	6,541,391	389,484	400,419	8,803,687	6,941,810	26.82%
Restricted	539,649	433,994	0	0	539,649	433,994	24.34%
Unrestricted	2,644,311	2,863,046	211,467	218,880	2,855,778	3,081,926	-7.34%
Total net assets	\$ 11,598,163	9,838,431	600,951	619,299	12,199,114	10,457,730	16.65%

Investment in capital assets (e.g., land, buildings, furniture and equipment) less any outstanding debt used to acquire those assets is \$8,414,203. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. Approximately \$539,649 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$2,644,311 represents unrestricted net assets which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The following table shows changes in net assets for the year ended June 30, 2006 compared to June 30, 2005.

Table 2
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2006	2005	2006	2005	2006	2005	2005-2006
Revenues:							
Program revenues:							
Charges for services	\$ 2,768,714	2,463,052	955,801	921,305	3,724,515	3,384,357	10.05%
Operating grants and contributions and restricted interest	2,621,484	2,906,004	496,010	441,784	3,117,494	3,347,788	-6.88%
Capital grants and contributions and restricted interest	0	122,000	0	0	0	122,000	-100.00%
General revenues:							
Property taxes	8,553,177	8,147,897	0	0	8,553,177	8,147,897	4.97%
Local option sales and services tax	2,111,834	1,744,662	0	0	2,111,834	1,744,662	21.05%
Unrestricted state grants	8,631,036	8,100,473	0	0	8,631,036	8,100,473	6.55%
Other	285,996	208,309	10,648	2,851	296,644	211,160	40.48%
Total revenues	24,972,241	23,692,397	1,462,459	1,365,940	26,434,700	25,058,337	5.49%
Program expenses:							
Governmental activities:							
Instructional	14,287,217	13,571,767	0	0	14,287,217	13,571,767	5.27%
Support services	6,399,591	5,344,366	0	0	6,399,591	5,344,366	19.74%
Non-instructional programs	0	2,500	1,480,807	1,411,115	1,480,807	1,413,615	4.75%
Other expenses	2,525,701	2,389,958	0	0	2,525,701	2,389,958	5.68%
Total expenses	23,212,509	21,308,591	1,480,807	1,411,115	24,693,316	22,719,706	8.69%
Excess(deficiency) of revenues over(under) expenses	1,759,732	2,383,806	(18,348)	(45,175)	1,741,384	2,338,631	-25.54%
Capital contributions	0	0	0	200,297	0	200,297	-100.00%
Changes in net assets	1,759,732	2,383,806	(18,348)	155,122	1,741,384	2,538,928	-31.41%
Beginning net assets	9,838,431	7,454,625	619,299	464,177	10,457,730	7,918,802	32.06%
Ending net assets	\$ 11,598,163	9,838,431	600,951	619,299	12,199,114	10,457,730	16.65%

Property tax and unrestricted state grants account for 65% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 84% of the total expenses.

Net assets increased during the year, indicating an improvement in the financial condition of the District. During the 2005-06 fiscal year, total net assets of governmental activities increased \$1,759,732 or 17.89%. This increase was the result of a marked reduction in long-term debt obligations as well as management's focus to decrease operational costs in an unsure state economic situation. The Board has made a commitment to attain a 5% General Fund solvency ratio which decreased from 14.58% to 13.22% during the 2005-06 fiscal year. The business-type activities performed slightly better in 2005-06 compared to 2004-05, and on a positive note the District purchased equipment from local option sales and services tax and General Fund adding capital contributions of \$200,297 in 2004-05. During the 2005-06 fiscal year, total net assets of business-type activities decreased \$18,348 or 2.96%.

Governmental Activities

Revenues for governmental activities were \$24,972,241 and expenses were \$23,212,509.

The following table presents the total and net cost of the District’s major governmental activities: instruction, support services and other expenses.

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	\$ 14,287,217	9,637,173
Support services	6,399,591	6,376,420
Other expenses	2,525,701	1,808,718
Totals	\$ 23,212,509	17,822,311

- The cost financed by users of the District’s programs was \$2,768,714.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,621,484.
- The net cost of governmental activities was financed with \$8,553,177 in property tax, \$2,111,834 in local option sales and services tax, \$8,631,036 in unrestricted state grants, \$277,925 in unrestricted investment earnings and \$8,071 in other income.

Business-Type Activities

Revenues of the District’s business-type activities were \$1,462,459 and expenses were \$1,480,807. 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.

During the year ended June 30, 2006, the District’s net assets decreased in the business-type activities by \$18,348.

Financial Analysis of the District’s Funds

At the end of the fiscal year ended June 30, 2006, the District’s governmental funds reported combined ending fund balances of \$12,944,722, an increase of \$11,409,258 in comparison with the prior year. Of this amount, \$11,698,607 constitutes unreserved fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

The District’s business-type funds did not perform as well as it has in previous years. While food sales remained constant, expenses increased over the previous year. Management believes that this under-performance is temporary and that the coming fiscal year will yield better results.

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, except its private-purpose trust and agency 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. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue and expenditures associated with the elementary building capital project activity. 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. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 47.

The District's total actual receipts were \$2,281,282 less than the total budgeted receipts, a variance of 7.95%. The most significant change resulted in the District receiving less in various components of local sources than originally anticipated.

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 the actual expenditures during the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services functional area due to the timing of expenditures at year-end and account code changes required for the certified annual report upload without sufficient time to amend the certified budget.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental and business type activities as of June 30, 2006, amounts to \$24,708,433 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 6 of the notes to the basic financial statements.

Table 4
Capital Assets, Net of Depreciation

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Land	\$ 500,000	500,000	0	0	500,000	500,000	0.00%
Construction in progress	557,738	0	0	0	557,738	0	100.00%
Buildings and improvements	22,449,304	23,163,013	0	0	22,449,304	23,163,013	-3.08%
Machinery and equipment	811,907	745,624	389,484	400,419	1,201,391	1,146,043	4.83%
Total	\$ 24,318,949	24,408,637	389,484	400,419	24,708,433	24,809,056	-0.41%

Long-Term Debt

At the end of June 30, 2006, the District had total long-term debt of \$25,711,521, an increase of \$9,502,295 from the prior fiscal year. Of this amount, \$2,528,626 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Total School District		Total Change
	2006	2005	
General obligation bonds	\$ 15,110,000	15,640,000	-3.4%
Revenue bonds	9,899,220	0	100.0%
School bus lease	558,858	358,074	56.1%
Compensated absences	103,882	93,791	10.8%
Early retirement	39,561	117,361	-66.3%
Totals	<u>\$ 25,711,521</u>	<u>16,209,226</u>	<u>58.6%</u>

Economic Factors and Next Year's Budgets and Rates

Indicators, both financial and non-financial, that will impact the District in the immediate future are:

- The District expects a steady student enrollment over the next several years. This is crucial due to the Iowa school funding formula based in part upon student enrollment.
- A projected 4% increase in allowable growth will allow the District additional state funding in Fiscal year 2007.
- The upcoming Iowa legislative session could again prove to be most challenging in respect to the state budget. The impact of state reductions to education is an unknown that we must be ready to address and compensate.

Requests for Information

This financial report is designed to provide our 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 any questions about this report or need additional information, contact the District's Business Office.

Basic Financial Statements

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 12,766,081	225,383	12,991,464
Receivables:			
Property tax:			
Delinquent	127,031	0	127,031
Succeeding year	9,089,523	0	9,089,523
Income surtax	224,573	0	224,573
Accounts	0	1,328	1,328
Due from other governments	439,742	0	439,742
Inventories	0	25,704	25,704
Prepaid items	24,772	0	24,772
Capital assets, net of accumulated depreciation(Note 6)	24,318,949	389,484	24,708,433
TOTAL ASSETS	46,990,671	641,899	47,632,570
LIABILITIES			
Accounts payable	399,925	177	400,102
Salaries and benefits payable	0	28,585	28,585
Interest payable	178,560	0	178,560
Deferred revenue:			
Succeeding year property tax	9,089,523	0	9,089,523
Other	12,979	0	12,979
Unearned revenue	0	12,186	12,186
Long-term liabilities(Note 7):			
Portion due within one year:			
G.O. bonds payable	760,000	0	760,000
Revenue bonds payable	1,448,097	0	1,448,097
School bus lease payable	177,086	0	177,086
Compensated absences payable	103,882	0	103,882
Early retirement payable	39,561	0	39,561
Portion due after one year:			
G.O. bonds payable	14,350,000	0	14,350,000
Revenue bonds payable	8,451,123	0	8,451,123
School bus lease payable	381,772	0	381,772
TOTAL LIABILITIES	35,392,508	40,948	35,433,456
NET ASSETS			
Invested in capital assets, net of related debt	8,414,203	389,484	8,803,687
Restricted for:			
Talented and gifted	4,970	0	4,970
Salary improvement program	3,611	0	3,611
Management levy	2,505	0	2,505
Physical plant and equipment levy	488,866	0	488,866
Other special revenue purposes	39,697	0	39,697
Unrestricted	2,644,311	211,467	2,855,778
TOTAL NET ASSETS	\$ 11,598,163	600,951	12,199,114

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 9,107,104	1,664,341	1,739,692	0	(5,703,071)	0	(5,703,071)
Special instruction	2,701,308	274,405	141,638	0	(2,285,265)	0	(2,285,265)
Other instruction	2,478,805	829,968	0	0	(1,648,837)	0	(1,648,837)
	<u>14,287,217</u>	<u>2,768,714</u>	<u>1,881,330</u>	<u>0</u>	<u>(9,637,173)</u>	<u>0</u>	<u>(9,637,173)</u>
Support services:							
Student services	393,824	0	0	0	(393,824)	0	(393,824)
Instructional staff services	895,274	0	0	0	(895,274)	0	(895,274)
Administration services	1,624,719	0	0	0	(1,624,719)	0	(1,624,719)
Operation and maintenance of plant services	2,443,251	0	0	0	(2,443,251)	0	(2,443,251)
Transportation services	1,042,523	0	23,171	0	(1,019,352)	0	(1,019,352)
	<u>6,399,591</u>	<u>0</u>	<u>23,171</u>	<u>0</u>	<u>(6,376,420)</u>	<u>0</u>	<u>(6,376,420)</u>
Other expenses:							
Facilities acquisitions	92,333	0	0	0	(92,333)	0	(92,333)
Long-term debt interest	978,911	0	0	0	(978,911)	0	(978,911)
AEA flowthrough	716,983	0	716,983	0	0	0	0
Depreciation(unallocated)*	737,474	0	0	0	(737,474)	0	(737,474)
	<u>2,525,701</u>	<u>0</u>	<u>716,983</u>	<u>0</u>	<u>(1,808,718)</u>	<u>0</u>	<u>(1,808,718)</u>
Total governmental activities	23,212,509	2,768,714	2,621,484	0	(17,822,311)	0	(17,822,311)
Business-type activities:							
Instruction:							
Other instruction:							
Swimming pool services	21,550	19,205	0	0	0	(2,345)	(2,345)
Support services:							
Transportation services:							
Day care services	603	603	0	0	0	0	0
Non-instructional programs:							
Nutrition services	1,315,749	791,436	496,010	0	0	(28,303)	(28,303)
Day care services	142,905	144,557	0	0	0	1,652	1,652
	<u>1,480,807</u>	<u>955,801</u>	<u>496,010</u>	<u>0</u>	<u>0</u>	<u>(28,996)</u>	<u>(28,996)</u>
Total	\$ 24,693,316	3,724,515	3,117,494	0	(17,822,311)	(28,996)	(17,851,307)
General Revenues:							
Property tax levied for:							
General purposes					\$ 6,677,053	0	6,677,053
Debt service					1,392,193	0	1,392,193
Capital outlay					483,931	0	483,931
Local option sales and services tax					2,111,834	0	2,111,834
Unrestricted state grants					8,631,036	0	8,631,036
Unrestricted investment earnings					277,925	10,648	288,573
Gain on sale of property					8,071	0	8,071
					<u>19,582,043</u>	<u>10,648</u>	<u>19,592,691</u>
Total general revenues					19,582,043	10,648	19,592,691
Changes in net assets					1,759,732	(18,348)	1,741,384
Net assets beginning of year					9,838,431	619,299	10,457,730
Net assets end of year					\$ 11,598,163	600,951	12,199,114

* This amount excludes the depreciation that is included in the direct expense of various programs
SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2006

	General	Capital Projects	Debt Service	Special Revenue Funds	Total
ASSETS					
Cash and pooled investments	\$ 2,818,113	7,741,763	1,205,026	1,001,179	12,766,081
Receivables:					
Property tax:					
Delinquent	114,607	0	7,736	4,688	127,031
Succeeding year	6,683,546	0	1,364,804	1,041,173	9,089,523
Income surtax	224,573	0	0	0	224,573
Due from other governments	112,056	327,686	0	0	439,742
Prepaid items	0	0	0	24,772	24,772
TOTAL ASSETS	\$ 9,952,895	8,069,449	2,577,566	2,071,812	22,671,722
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 380,079	17,829	0	2,017	399,925
Deferred revenue:					
Succeeding year property tax	6,683,546	0	1,364,804	1,041,173	9,089,523
Income surtax	224,573	0	0	0	224,573
Other	12,979	0	0	0	12,979
Total liabilities	7,301,177	17,829	1,364,804	1,043,190	9,727,000
Fund balances:					
Reserved for:					
Debt service	0	0	1,212,762	0	1,212,762
Talented and gifted	4,970	0	0	0	4,970
Salary improvement program	3,611	0	0	0	3,611
Prepaid expenses	0	0	0	24,772	24,772
Unreserved fund balances	2,643,137	8,051,620	0	1,003,850	11,698,607
Total fund balances	2,651,718	8,051,620	1,212,762	1,028,622	12,944,722
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,952,895	8,069,449	2,577,566	2,071,812	22,671,722

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2006

Total fund balances of governmental funds(page 26)	\$ 12,944,722
<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 report as assets in in the governmental funds.	24,318,949
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(178,560)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	224,573
Long-term liabilities, including bonds payable, school bus lease payable, early retirement payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(25,711,521)</u>
Net assets of governmental activites(page 24)	<u>\$ 11,598,163</u>

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2006

	General	Capital Projects	Debt Service	Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 6,321,092	2,111,834	1,392,193	839,892	10,665,011
Tuition	1,938,746	0	0	0	1,938,746
Other	421,591	92,835	26,016	570,151	1,110,593
Intermediate sources	229,093	0	0	0	229,093
State sources	10,366,343	0	830	502	10,367,675
Federal sources	653,052	0	0	0	653,052
Total revenues	19,929,917	2,204,669	1,419,039	1,410,545	24,964,170
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	9,015,416	0	0	140,841	9,156,257
Special instruction	2,700,906	0	0	0	2,700,906
Other instruction	1,889,390	0	0	578,702	2,468,092
	13,605,712	0	0	719,543	14,325,255
Support services:					
Student services	393,108	0	0	0	393,108
Instructional staff services	893,911	0	0	0	893,911
Administration services	1,572,831	0	0	7,479	1,580,310
Operation and maintenance of plant services	2,183,051	57,125	0	197,154	2,437,330
Transportation services	810,510	0	0	380,376	1,190,886
	5,853,411	57,125	0	585,009	6,495,545
Other expenditures:					
Facilities acquisitions	0	651,691	0	22,145	673,836
Long-term debt:					
Principal	0	0	837,926	0	837,926
Interest and fiscal charges	0	0	921,368	0	921,368
AEA flowthrough	716,983	0	0	0	716,983
	716,983	651,691	1,759,294	22,145	3,150,113
Total expenditures	20,176,106	708,816	1,759,294	1,326,697	23,970,913
Excess(deficiency) of revenues over(under) expenditures	(246,189)	1,495,853	(340,255)	83,848	993,257
Other financing sources(uses):					
Proceeds from loans	54,004	0	0	261,503	315,507
Issuance of bonds	0	10,000,000	0	0	10,000,000
Refunding debt issued	0	0	5,820,000	0	5,820,000
Payment to refunding escrow agent	0	0	(5,727,577)	0	(5,727,577)
Sale of property	7,481	0	0	590	8,071
Transfers in	0	0	1,293,576	0	1,293,576
Transfers out	(64,618)	(1,163,119)	0	(65,839)	(1,293,576)
Total other financing sources(uses)	(3,133)	8,836,881	1,385,999	196,254	10,416,001
Net change in fund balances	(249,322)	10,332,734	1,045,744	280,102	11,409,258
Fund balances beginning of year	2,901,040	(2,281,114)	167,018	748,520	1,535,464
Fund balances end of year	\$ 2,651,718	8,051,620	1,212,762	1,028,622	12,944,722

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL 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, 2006

Net change in fund balances - total governmental funds(page 28)		\$	11,409,258
<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 reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:			
Capital outlays		\$	1,037,719
Depreciation expense			<u>(1,127,407)</u>
			(89,688)
Repayment of issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:			
Issued		\$	(16,135,507)
Repaid			<u>6,565,503</u>
			(9,570,004)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.			
			(57,543)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			
Early retirement		\$	77,800
Compensated absences			<u>(10,091)</u>
			67,709
Changes in net assets of governmental activities(page 25)		\$	<u>1,759,732</u>

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

JUNE 30, 2006

	School Nutrition	Lucky Children Day Care	Swimming Pool	Total
<u>ASSETS</u>				
Current assets:				
Cash and pooled investments	\$ 124,016	97,394	3,973	225,383
Receivables:				
Accounts	0	0	1,328	1,328
Inventories	25,704	0	0	25,704
Total current assets	149,720	97,394	5,301	252,415
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation(Note 6)	389,484	0	0	389,484
Total non-current assets	389,484	0	0	389,484
TOTAL ASSETS	539,204	97,394	5,301	641,899
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	177	0	0	177
Salaries and benefits payable	6,293	16,771	5,521	28,585
Unearned revenue	12,186	0	0	12,186
Total current liabilities	18,656	16,771	5,521	40,948
TOTAL LIABILITIES	18,656	16,771	5,521	40,948
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	389,484	0	0	389,484
Unrestricted	131,064	80,623	(220)	211,467
Total net assets	\$ 520,548	80,623	(220)	600,951

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2006

	School Nutrition	Lucky Children Day Care	Swimming Pool	Total
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 791,436	145,160	19,205	955,801
OPERATING EXPENSES:				
Instruction:				
Other instruction:				
Salaries	0	0	19,476	19,476
Benefits	0	0	754	754
Supplies	0	0	1,320	1,320
Support services:				
Transportation				
Salaries	0	603	0	603
Non-instructional programs:				
Salaries	432,693	103,367	0	536,060
Benefits	133,671	14,754	0	148,425
Services	14,949	5,356	0	20,305
Supplies	681,794	19,428	0	701,222
Depreciation	52,642	0	0	52,642
TOTAL OPERATING EXPENSES	1,315,749	143,508	21,550	1,480,807
OPERATING INCOME(LOSS)	(524,313)	1,652	(2,345)	(525,006)
NON-OPERATING REVENUES				
State sources	12,712	0	0	12,712
Federal sources	483,298	0	0	483,298
Interest on investments	6,988	3,660	0	10,648
TOTAL NON-OPERATING REVENUES	502,998	3,660	0	506,658
Changes in net assets	(21,315)	5,312	(2,345)	(18,348)
Net assets beginning of year	541,863	75,311	2,125	619,299
Net assets end of year	\$ 520,548	80,623	(220)	600,951

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2006

	School Nutrition	Lucky Children Day Care	Swimming Pool	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 774,008	0	0	774,008
Cash received from miscellaneous sources	19,371	145,160	17,877	182,408
Cash payments to employees for services	(560,071)	(107,489)	(14,709)	(682,269)
Cash payments to suppliers for goods or services	(641,392)	(27,917)	(1,603)	(670,912)
Net cash provided by(used in) operating activities	(408,084)	9,754	1,565	(396,765)
Cash flows from non-capital financing activities:				
State grants received	12,712	0	0	12,712
Federal grants received	431,733	0	0	431,733
Net cash provided by non-capital financing activities	444,445	0	0	444,445
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(41,707)	0	0	(41,707)
Net cash used in capital and related financing activities	(41,707)	0	0	(41,707)
Cash flows from investing activities:				
Interest on investments	6,988	3,660	0	10,648
Net cash provided by investing activities	6,988	3,660	0	10,648
Net increase in cash and cash equivalents	1,642	13,414	1,565	16,621
Cash and cash equivalents at beginning of year	122,374	83,980	2,408	208,762
Cash and cash equivalents at end of year	\$ 124,016	97,394	3,973	225,383
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (524,313)	1,652	(2,345)	(525,006)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities used	51,565	0	0	51,565
Depreciation	52,642	0	0	52,642
Decrease in inventories	6,799	0	0	6,799
Increase in accounts receivable	0	0	(1,328)	(1,328)
Decrease in accounts payable	(3,013)	(3,133)	(283)	(6,429)
Increase in salaries and benefits payable	6,293	11,235	5,521	23,049
Increase in unearned revenue	1,943	0	0	1,943
Net cash provided by(used in) operating activities	\$ (408,084)	9,754	1,565	(396,765)

RECONCILIATION OF CASH AND CASH EQUIVALENTS
 AT YEAR END TO SPECIFIC ASSETS INCLUDED ON
 COMBINED BALANCE SHEET:

Current assets:				
Cash and investments	\$ 124,016	97,394	3,973	225,383

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2006, the District received Federal commodities valued at \$51,565.

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND TYPE

JUNE 30, 2006

	<u>Agency Fund</u>
ASSETS	
Cash and pooled investments	\$ 7,565
Total assets	<u>\$ 7,565</u>
LIABILITIES	
Due to other groups	\$ 7,565
Total liabilities	<u>\$ 7,565</u>

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

Note 1. Summary of Significant Accounting Policies

The Lewis Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Council Bluffs, Iowa, and the predominate agricultural territory in Pottawattamie County. 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Lewis Central 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 Lewis Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do 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 Pottawattamie Counties Assessors' 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 support.

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 assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset 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 that 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 that are 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 other 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 receipts 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 expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for local option sales and services tax and capital improvements.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

The District also reports the following major and nonmajor proprietary funds:

The District's proprietary funds are the School Nutrition Fund, Lucky Children Day Care and Swimming Pool Funds. The School Nutrition Fund is a major fund used to account for the food service operations of the District. The Lucky Children Day Care Fund is a nonmajor fund used to account for the day care services of the District. The Swimming Pool Fund is a nonmajor fund used to account for the swimming pool services 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 Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

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 the 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 judgments, 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 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 October 12, 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 Funds 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. Cash, Pooled Investments and Cash Equivalents

The cash balance 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 purpose 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, they have a maturity date no longer than three months.

E. Property Taxes

Property tax in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2005.

F. Inventories

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method) or market and food commodities which were received from the federal government recorded at the contributed value as of the date received.

G. Prepaid Items

The District prepaid insurance expense for July 2006 from the Special Revenue, Management Levy.

H. Capital Assets

Capital assets, which include property, machinery 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 repairs 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.

Asset Class	Amount
Land	\$ 2,500
Buildings and improvements	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	20-50 years
Machinery and equipment	5-12 years

I. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2006, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2006.

J. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents 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 revenues consist of unspent federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

K. Unearned Revenues

Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

L. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. The cost of vacation payments expected to be liquidated currently is recorded as a liability in the government-wide statement of net assets. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006.

M. 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.

N. Fund Balances

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.

O. 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.

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of disbursements known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor. During the year ended June 30, 2006, the other expenditures programs budget was amended for an increase of 215.3% to the originally approved budgets.
6. Encumbrances are not recognized and appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balance lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2006 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.

As of June 30, 2006, the carrying amount of the District's bank deposits and pooled investments totaled \$12,991,464 with bank balances of \$5,074,661. These amounts are included in the cash and pooled investments on the combined balance sheet. Of the bank balance, \$100,000 was covered by federal depository insurance and \$4,974,661 was collateralized by securities held by the pledging financial institution or its agent but not in the District's name.

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.

At June 30, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 7,916,803</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Note 4. Transfers

The detail of transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 64,618
Debt Service	Special Revenue: Physical Plant and Equipment Levy	65,839
Debt Service	Capital Projects	<u>1,163,119</u>
Total		<u>\$ 1,293,576</u>

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

Note 5. Construction Loan

During the year ended June 30, 2004, the District borrowed money on a line of credit to finance short-term construction expenditures. Revenue bonds were issued to repay this loan. Details of the District's short-term borrowings are as follows:

<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
\$ 3,092,500	0	3,092,500	0

Note 6. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 500,000	0	0	500,000
Construction in progress	0	557,738	0	557,738
Total capital assets not being depreciated	500,000	557,738	0	1,057,738
Capital assets being depreciated:				
Buildings and improvements	37,249,912	23,765	0	37,273,677
Machinery and equipment	2,741,128	456,216	0	3,197,344
Total capital assets being depreciated	39,991,040	479,981	0	40,471,021
Less accumulated depreciation for:				
Buildings and improvements	14,086,899	737,474	0	14,824,373
Machinery and equipment	1,995,504	389,933	0	2,385,437
Total accumulated depreciation	16,082,403	1,127,407	0	17,209,810
Total capital assets being depreciated, net	23,908,637	(647,426)	0	23,261,211
Governmental activities capital assets, net	\$ 24,408,637	(89,688)	0	24,318,949
Business-type activities:				
Machinery and equipment	\$ 725,344	41,707	0	767,051
Less accumulated depreciation	324,925	52,642	0	377,567
Business-type activities capital assets, net	\$ 400,419	(10,935)	0	389,484

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 28,647
Other		8,846
Support services:		
Student services		716
Instructional staff		1,000
Administration		42,163
Operation and maintenance of plant		11,424
Transportation		297,137
		389,933
Unallocated depreciation		737,474
Total governmental activities depreciation expense		\$ 1,127,407
Business-type activities:		
Food services		\$ 52,642

Note 7. Long-Term Debt

All Long-Term Debt listed is related to governmental activities. A summary of changes in long-term debt for the year ended June 30, 2006 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 15,640,000	\$ 5,820,000	\$ 6,350,000	\$ 15,110,000	\$ 760,000
Revenue Bonds	0	10,000,000	100,780	9,899,220	1,448,097
School Bus Lease	358,074	315,507	114,723	558,858	177,086
Compensated Absences	93,791	103,882	93,791	103,882	103,882
Early Retirement	117,361	0	77,800	39,561	39,561
Total	<u>\$ 16,209,226</u>	<u>\$ 16,239,389</u>	<u>\$ 6,737,094</u>	<u>\$ 25,711,521</u>	<u>\$ 2,528,626</u>

Bonded debt

On October 21, 1998, the District issued general obligation bonds of \$10,000,000 for capital facility construction. On October 1, 2005, the District issued general obligation bonds of \$5,820,000 to advance refund the May 1, 1999 and May 1, 2001 which were issued for capital facility construction. Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of October 21, 1998			Bond Issue of October 1, 2005			Total	
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2007	4.00 %	\$ 600,000	397,046	3.50 %	\$ 160,000	207,757	\$ 760,000	604,803
2008	4.00	630,000	373,046	3.50	155,000	202,158	785,000	575,204
2009	4.00	660,000	347,846	3.50	160,000	196,732	820,000	544,578
2010	4.00	700,000	321,446	3.50	145,000	191,132	845,000	512,578
2011	4.05	730,000	293,446	3.50	150,000	186,058	880,000	479,504
2012-2016	4.10-4.25	4,245,000	984,092	3.50-3.80	720,000	852,345	4,965,000	1,836,437
2017-2021	4.25	2,020,000	130,050	3.80-3.85	4,035,000	596,660	6,055,000	726,710
Total		<u>\$ 9,585,000</u>	<u>2,846,972</u>		<u>\$ 5,525,000</u>	<u>2,432,842</u>	<u>\$ 15,110,000</u>	<u>5,279,814</u>

On May 3, 2006, the District issued local option sales and service tax revenue bonds of \$10,000,000 for school infrastructure and repayment of a local line of credit which was used for construction. Details of the District's June 30, 2006 local option sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 3, 2006		
	Interest Rate	Principal	Interest
2007	4.48 %	\$ 1,448,097	413,992
2008	4.48	1,514,321	347,767
2009	4.48	1,583,573	278,515
2010	4.48	1,655,992	206,096
2011	4.48	1,731,723	130,365
2012-2013	4.48	1,965,514	51,748
Total		<u>\$ 9,899,220</u>	<u>1,428,483</u>

The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District in accordance with Chapter 423E of the Code of Iowa. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitations of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) The bonds will only be redeemed from the future earnings of the local option sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Principal and interest payments are required each month from the Local Option Sales and Service Tax revenues.
- c) A separate bond reserve fund will be maintained in the amount of \$1,000,000 to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Local Option Sales and Services Tax Reserve Fund.

School Bus Lease

During the year ended June 30, 2002, June 30, 2004 and June 30, 2006, the District entered in to lease agreements with Blue Bird Body Company. The General Fund will be used to liquidate the 2002 bus lease liability. The Special Revenue, Physical Plant and Equipment Levy Fund will be used to liquidate the 2004 bus lease liability. The General and Special Revenue, Physical Plant and Equipment Levy Fund will be used to liquidate the 2006 bus lease liability. The details of the repayment of these leases are as follows:

Year Ending June 30,	Interest Rate	June 30, 2002		Interest Rate	June 30, 2004	
		Principal	Interest		Principal	Interest
2007	4.48 %	\$ 61,848	2,770	4.35 %	\$ 57,944	7,895
2008	4.48	-	-	4.35	60,464	5,374
2009		-	-	4.35	63,095	2,744
2010		-	-	4.35	-	-
2011		-	-	4.35	-	-
		<u>\$ 61,848</u>	<u>2,770</u>		<u>\$ 181,503</u>	<u>16,013</u>

Year Ending June 30,	Interest Rate	June 30, 2006		Total	
		Principal	Interest	Principal	Interest
2007	4.83 %	\$ 57,294	15,238	\$ 177,086	25,903
2008	4.83	60,060	12,472	120,524	17,846
2009	4.83	62,961	9,571	126,056	12,315
2010	4.83	66,002	6,530	66,002	6,530
2011	4.83	69,190	3,342	69,190	3,342
		<u>\$ 315,507</u>	<u>47,153</u>	<u>\$ 558,858</u>	<u>65,936</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees at various times. Eligible employees must be at least age fifty-three and employees must have completed twenty-five years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2006 totaled \$77,800. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the government-wide financial statements representing the District's commitment to fund early retirement. All early retirement benefits are paid out of the Special Revenue, Management Fund.

Note 8. Bond Defeasement

On October 1, 2005, the District issued \$5,820,000 in general obligation bonds to advance refund \$2,620,000 and \$3,020,000 of outstanding general obligation bonds dated May 1, 1999 and May 1, 2001,

respectively. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified sufficient to pay all principal and interest on the refunded bonds. The new advance refunding bonds have been added to the appropriate financial statement and schedules. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2006, \$5,525,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$295,000 and \$126,354. The reacquisition price exceeded the net carrying amount of the old debt by \$180,000. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$425,229 and resulted in an economic gain of \$312,043.

Note 9. 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 salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2006, 2005 and 2004. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$710,612, \$664,022, and \$756,971 respectively, equal to the required contributions for each year.

Note 10. Risk Management

Lewis Central 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. There have been no significant reductions in insurance coverage from coverage in the prior year.

Note 11. 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 \$716,983 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Construction Commitments

The District entered into various contracts totaling \$730,281 for architect fees for an addition/re-roof at Titan Hill School and renovations at Kreft Elementary School. At June 30, 2006, \$557,738 of the contracts was completed. The remaining amounts of the contracts will be paid as work on the project progresses.

Note 13. Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2006, disbursements in the support services function exceeded the amount budgeted.

Required Supplementary Information

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LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2006

	Governmental Fund Types - Actual	Proprietary Fund Types - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 13,714,350	\$ 966,449	\$ 14,680,799	\$ 16,765,908	\$ 16,765,908	\$ (2,085,109)
Intermediate sources	229,093	0	229,093	0	0	229,093
State appropriations	10,367,675	12,712	10,380,387	10,460,770	10,460,770	(80,383)
Federal appropriations	653,052	483,298	1,136,350	1,481,233	1,481,233	(344,883)
Total revenues	24,964,170	1,462,459	26,426,629	28,707,911	28,707,911	(2,281,282)
Expenditures:						
Instruction	14,325,255	21,550	14,346,805	14,679,422	14,679,422	332,617
Support services	6,495,545	603	6,496,148	5,947,883	5,947,883	(548,265)
Non-instructional programs	0	1,458,654	1,458,654	1,731,757	1,731,757	273,103
Other expenditures	3,150,113	0	3,150,113	4,644,778	4,644,778	11,494,665
Total expenditures	23,970,913	1,480,807	25,451,720	27,003,840	27,003,840	11,552,120
Excess(deficiency) of revenues over(under) expenditures	993,257	(18,348)	974,909	1,704,071	(8,295,929)	9,270,838
Other financing sources, net	10,416,001	0	10,416,001	0	0	10,416,001
Excess(deficiency) of revenues and other financing sources over(under) expenditures	11,409,258	(18,348)	11,390,910	1,704,071	(8,295,929)	19,686,839
Balance beginning of year	1,535,464	619,299	2,154,763	687,485	687,485	1,467,278
Balance end of year	\$ 12,944,722	\$ 600,951	\$ 13,545,673	\$ 2,391,556	\$ (7,608,444)	\$ 21,154,117

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2006

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 GAAP basis

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as function, not by fund. 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. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$10,000,000.

Other Supplementary Information

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LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2006

	Governmental Fund Types - Actual	Proprietary Fund Types - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 13,714,350	\$ 966,449	\$ 14,680,799	\$ 16,765,908	\$ 16,765,908	\$ (2,085,109)
Intermediate sources	229,093	0	229,093	0	0	229,093
State appropriations	10,367,675	12,712	10,380,387	10,460,770	10,460,770	(80,383)
Federal appropriations	653,052	483,298	1,136,350	1,481,233	1,481,233	(344,883)
Total revenues	24,964,170	1,462,459	26,426,629	28,707,911	28,707,911	(2,281,282)
Expenditures:						
Instruction	14,325,255	21,550	14,346,805	14,679,422	14,679,422	332,617
Support services	6,495,545	603	6,496,148	5,947,883	5,947,883	(548,265)
Non-instructional programs	0	1,458,654	1,458,654	1,731,757	1,731,757	273,103
Other expenditures	3,150,113	0	3,150,113	4,644,778	4,644,778	11,494,665
Total expenditures	23,970,913	1,480,807	25,451,720	27,003,840	27,003,840	11,552,120
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Balance beginning of year	1,535,464	619,299	2,154,763	687,485	687,485	1,467,278
Balance end of year	\$ 12,944,722	\$ 600,951	\$ 13,545,673	\$ 2,391,556	\$ (7,608,444)	\$ 21,154,117

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2006

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Other Supplementary Information

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Lewis
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Lewis Central Community School District

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund

This fund accounts for property taxes collected to pay property and boiler insurance, fidelity bonds, worker's compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

Student Activity Fund

This fund accounts for funds raised by student groups. Under State Law, the Board retains responsibility for Student Activity Fund's ultimate disposition.

Physical Plant and Equipment Levy Fund

This fund accounts for property taxes collected to finance improvements, demolish work, special assessments and major building repairs.

Expendable Trust Fund

This fund accounts for donations for student scholarships. Under State Law, the Board retains responsibility for Expendable Trust Fund's ultimate disposition.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2006

	Special Revenue Funds				Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	
ASSETS					
Cash and pooled investments	\$ 15,295	40,028	944,170	1,686	1,001,179
Receivables:					
Property tax:					
Current year delinquent	1,999	0	2,689	0	4,688
Succeeding year	500,000	0	541,173	0	1,041,173
Prepaid items	24,772	0	0	0	24,772
TOTAL ASSETS	\$ 542,066	40,028	1,488,032	1,686	2,071,812
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 0	2,017	0	0	2,017
Deferred revenue:					
Succeeding year property tax	500,000	0	541,173	0	1,041,173
Total liabilities	500,000	2,017	541,173	0	1,043,190
Fund equity:					
Fund balances:					
Reserved for prepaid items	24,772	0	0	0	24,772
Unreserved fund balances	17,294	38,011	946,859	1,686	1,003,850
Total fund balances	42,066	38,011	946,859	1,686	1,028,622
TOTAL LIABILITIES AND FUND BALANCES	\$ 542,066	40,028	1,488,032	1,686	2,071,812

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2006

	Special Revenue Funds				Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	
REVENUES:					
Local sources:					
Local tax	\$ 355,961	0	483,931	0	839,892
Other	214	539,089	28,148	2,700	570,151
State sources	214	0	288	0	502
Total revenues	<u>356,389</u>	<u>539,089</u>	<u>512,367</u>	<u>2,700</u>	<u>1,410,545</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	137,941	0	0	2,900	140,841
Other instruction	0	578,702	0	0	578,702
Support services:					
Administration services	7,479	0	0	0	7,479
Operation and maintenance of plant services	197,154	0	0	0	197,154
Student transportation	58,037	719	321,620	0	380,376
Other expenditures:					
Facilities acquisitions	0	0	22,145	0	22,145
Total expenditures	<u>400,611</u>	<u>579,421</u>	<u>343,765</u>	<u>2,900</u>	<u>1,326,697</u>
Excess(deficiency) of revenues over(under) expenditures	(44,222)	(40,332)	168,602	(200)	83,848
OTHER FINANCING SOURCES(USES):					
Proceeds from loans	0	0	261,503	0	261,503
Sale of property	0	0	590	0	590
Transfers out	0	0	(65,839)	0	(65,839)
Total other financing sources	<u>0</u>	<u>0</u>	<u>196,254</u>	<u>0</u>	<u>196,254</u>
Net change in fund balances	(44,222)	(40,332)	364,856	(200)	280,102
Fund balances beginning of year	<u>86,288</u>	<u>78,343</u>	<u>582,003</u>	<u>1,886</u>	<u>748,520</u>
Fund balances end of year	<u>\$ 42,066</u>	<u>38,011</u>	<u>946,859</u>	<u>1,686</u>	<u>1,028,622</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND

YEAR ENDED JUNE 30, 2006

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>LAKEVIEW POP TEACHERS' LOUNGE</u>				
ASSETS				
Cash and pooled investments	\$ 1,254	0	126	1,128
LIABILITIES				
Due to other groups	\$ 1,254	0	126	1,128
<u>TITAN HILL TEACHERS</u>				
ASSETS				
Cash and pooled investments	\$ 1,794	847	0	2,641
LIABILITIES				
Due to other groups	\$ 1,794	847	0	2,641
<u>ADMINISTRATION POP</u>				
ASSETS				
Cash and pooled investments	\$ 448	57	0	505
LIABILITIES				
Due to other groups	\$ 448	57	0	505
<u>MS POP - TEACHERS' LOUNGE</u>				
ASSETS				
Cash and pooled investments	\$ 854	2,175	0	3,029
LIABILITIES				
Due to other groups	\$ 854	2,175	0	3,029
<u>HS POP TEACHERS' LOUNGE</u>				
ASSETS				
Cash and pooled investments	\$ 261	1	0	262
LIABILITIES				
Due to other groups	\$ 261	1	0	262
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 4,611	3,080	126	7,565
LIABILITIES				
Due to other groups	\$ 4,611	3,080	126	7,565

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Statistical Section

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Lewis
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Lewis Central Community School District

Statistical Section

(Unaudited)

This part of the Lewis Central Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	58-70
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	71-74
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	75-80
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	81-84
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	85-92

Schedule 1
Lewis Central Community School District

Net Assets by Component
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 3,253,003	\$ 7,313,089	\$ 6,541,391	\$ 8,414,203
Restricted	414,711	277,418	433,976	539,649
Unrestricted	1,082,174	(135,882)	2,863,064	2,644,311
Total governmental activities net assets	\$ 4,749,888	\$ 7,454,625	\$ 9,838,431	\$ 11,598,163
Business-type activities:				
Invested in capital assets, net of related debt	\$ 278,767	\$ 293,488	\$ 400,419	\$ 389,484
Restricted	-	-	-	-
Unrestricted	121,251	170,689	218,880	211,467
Total business-type activities net assets	\$ 400,018	\$ 464,177	\$ 619,299	\$ 600,951
Primary government:				
Invested in capital assets, net of related debt	\$ 3,531,770	\$ 7,606,577	\$ 6,941,810	\$ 8,803,687
Restricted	414,711	277,418	433,976	539,649
Unrestricted	1,203,425	34,807	3,081,944	2,855,778
Total primary government net assets	\$ 5,149,906	\$ 7,918,802	\$ 10,457,730	\$ 12,199,114

Source: School District financial records.

Note:

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Schedule 2
Lewis Central Community School District

Expenses, Program Revenues and Net (Expense) Revenue
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
Instruction	\$ 13,708,030	\$ 13,409,055	\$ 13,571,767	\$ 14,287,217
Student services	387,234	451,700	527,202	393,824
Instructional staff services	569,934	694,962	526,222	895,274
Administration services	1,355,511	1,256,814	1,565,776	1,624,719
Operation and maintenance of plant	1,991,550	1,630,776	1,935,605	2,443,251
Pupil transportation services	644,907	549,719	706,031	1,042,523
Other support services	52,973	74,274	83,530	-
Non-instructional programs	25,457	21,784	2,500	-
Facilities acquisitions	1,466,144	-	250,346	92,333
Interest on long-term debt	773,918	869,933	723,655	978,911
AEA flowthrough	734,742	685,810	678,959	716,983
Depreciation (unallocated)	628,789	712,269	736,998	737,474
Total governmental activities expenses	22,339,189	20,357,096	21,308,591	23,212,509
Business-type activities:				
Nutrition services	1,071,405	1,086,867	1,264,528	1,315,749
Day care services	122,941	107,630	134,745	143,508
Swimming pool services	16,776	15,037	14,799	21,550
Total business-type activities expenses	1,211,122	1,209,534	1,414,072	1,480,807
Total primary government expenses	\$ 23,550,311	\$ 21,566,630	\$ 22,722,663	\$ 24,693,316
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	\$ 2,536,462	\$ 2,657,916	\$ 2,463,052	\$ 2,768,714
Operating grants and contributions	2,304,077	2,554,812	2,906,004	2,621,484
Capital grants and contributions	-	-	122,000	-
Total governmental activities program revenues	4,840,539	5,212,728	5,491,056	5,390,198

(Continued on the following page.)

Schedule 2
Lewis Central Community School District

Expenses, Program Revenues and Net (Expense) Revenue (Continued)
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Business-type activities:				
Charges for services:				
Nutrition	690,482	750,561	778,686	791,436
Day care	105,867	95,716	125,602	145,160
Swimming pool	18,248	16,454	17,017	19,205
Operating grants and contributions	391,204	409,098	441,784	496,010
Total business-type program revenues	1,205,801	1,271,829	1,363,089	1,451,811
Total primary government program revenues	\$ 6,046,340	\$ 6,484,557	\$ 6,854,145	\$ 6,842,009
Net (expense) revenue:				
Governmental activities	\$ (17,498,650)	\$ (15,144,368)	\$ (15,817,535)	\$ (17,822,311)
Business-type activities	(5,321)	62,295	(50,983)	(28,996)
Total primary government net expense	\$ (17,503,971)	\$ (15,082,073)	\$ (15,868,518)	\$ (17,851,307)

Source: School District financial records.

Note:

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Schedule 3
Lewis Central Community School District

General Revenues and Total Change in Net Assets
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net (expense) revenue:				
Governmental activities	\$ (17,498,650)	\$ (15,144,368)	\$ (15,817,535)	\$ (17,822,311)
Business-type activities	(5,321)	62,295	(50,983)	(28,996)
Total primary government net expense	(17,503,971)	(15,082,073)	(15,868,518)	(17,851,307)
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes levied for general purposes	6,625,174	6,333,026	6,265,369	6,677,053
Property taxes levied for debt service	1,205,582	1,388,954	1,420,140	1,392,193
Property taxes levied for capital projects	1,370,490	468,749	462,388	483,931
Sales tax	-	1,741,642	1,744,662	2,111,834
Unrestricted grants and contributions	8,305,333	7,872,506	8,100,473	8,631,036
Miscellaneous	33,837	-	9,320	8,071
Investment earnings	184,570	44,228	198,989	277,925
Total governmental activities	17,724,986	17,849,105	18,201,341	19,582,043
Business-type activities:				
Miscellaneous	-	-	200,297	-
Investment earnings	2,432	1,864	5,808	10,648
Total business-type activities	2,432	1,864	206,105	10,648
Total primary government	17,727,418	17,850,969	18,407,446	19,592,691
Change in net assets:				
Governmental activities	226,336	2,704,737	2,383,806	1,759,732
Business-type activities	(2,889)	64,159	155,122	(18,348)
Total primary government	\$ 223,447	\$ 2,768,896	\$ 2,538,928	\$ 1,741,384

Source: School District financial records.

Note:

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Schedule 4
Lewis Central Community School District

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1997	1998	1999	2000	2001
General Fund:					
Reserved	\$ 33,523	\$ 34,269	\$ 66,392	\$ 101,482	\$ 145,628
Unreserved	1,740,533	2,088,412	2,054,370	1,814,559	1,370,851
Total General Fund	\$ 1,774,056	\$ 2,122,681	\$ 2,120,762	\$ 1,916,041	\$ 1,516,479
All other governmental funds:					
Reserved, reported in:					
Debt service funds	\$ 94,212	\$ 99,134	\$ 119,000	\$ 135,246	\$ 137,951
Special revenue funds	115,345	114,257	117,536	-	-
Unreserved, reported in:					
Capital projects funds	89,897	-	15,243,724	7,340,149	3,450,517
Special revenue funds	988,164	1,293,311	1,659,178	1,760,966	1,970,475
Total all other governmental funds	\$ 1,287,618	\$ 1,506,702	\$ 17,139,438	\$ 9,236,361	\$ 5,558,943

Source: School District financial records.

		Fiscal Year							
		2002	2003	2004	2005	2006			
\$	89,146	\$	70,469	\$	77,327	\$	13,948	\$	8,581
	1,285,549		1,567,860		2,285,245		2,887,092		2,643,137
\$	1,374,695	\$	1,638,329	\$	2,362,572	\$	2,901,040	\$	2,651,718
\$	130,721	\$	118,860	\$	128,270	\$	167,018	\$	1,212,762
	-		-		-		-		24,772
	557,540		(669,636)		(2,718,115)		(2,281,114)		8,051,620
	1,489,325		502,152		450,581		748,520		1,003,850
\$	2,177,586	\$	(48,624)	\$	(2,139,264)	\$	(1,365,576)	\$	10,293,004

Schedule 5
Lewis Central Community School District

Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1997	1998	1999	2000	2001
Federal sources:					
Federal sources:	\$ 179,640	\$ 294,006	\$ 325,408	\$ 592,037	\$ 404,410
Total federal sources	179,640	294,006	325,408	592,037	404,410
State sources:					
State sources:	8,743,303	8,961,034	9,500,223	9,921,694	10,291,981
Total state sources	8,743,303	8,961,034	9,500,223	9,921,694	10,291,981
Intermediate sources:					
Intermediate sources:	7,834	13,349	26,660	-	-
Total intermediate sources	7,834	13,349	26,660	-	-
Local sources:					
Local taxes	4,896,776	5,000,330	5,142,791	6,461,572	6,596,103
Tuition	1,085,995	1,218,567	1,244,192	1,199,115	1,274,259
Other revenues	956,083	923,559	1,382,196	1,929,167	1,407,278
Total local sources	6,938,854	7,142,456	7,769,179	9,589,854	9,277,640
Total revenues	\$ 15,869,631	\$ 16,410,845	\$ 17,621,470	\$ 20,103,585	\$ 19,974,031

Source: School District financial records.

		Fiscal Year							
		2002	2003	2004	2005	2006			
\$	474,531	\$	573,316	\$	969,969	\$	1,102,874	\$	653,052
	474,531		573,316		969,969		1,102,874		653,052
	10,230,093		10,036,094		9,457,349		9,871,889		10,367,675
	10,230,093		10,036,094		9,457,349		9,871,889		10,367,675
	-		-		-		29,414		229,093
	-		-		-		29,414		229,093
	7,127,180		8,976,353		9,932,264		9,892,986		10,665,011
	1,478,100		1,706,042		1,548,902		1,667,730		1,938,746
	1,435,641		1,014,990		1,153,242		1,118,611		1,110,593
	10,040,921		11,697,385		12,634,408		12,679,327		13,714,350
\$	20,745,545	\$	22,306,795	\$	23,061,726	\$	23,683,504	\$	24,964,170

Schedule 6
Lewis Central Community School District

Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1997	1998	1999	2000	2001
Instruction	\$ 10,009,805	\$ 10,715,241	\$ 11,557,294	\$ 12,413,899	\$ 12,906,839
Student services	266,237	272,711	268,750	304,670	310,031
Instructional staff services	496,184	579,856	653,494	656,161	727,818
Administration services	1,178,969	1,302,419	1,126,724	1,179,886	1,234,994
Operation and maintenance of plant services	1,523,219	1,429,351	1,464,925	1,432,379	1,732,121
Pupil transportation services	617,393	574,765	773,107	704,272	578,663
Other support services	11,202	11,549	43,576	40,720	42,617
Non-instruction programs	8,255	66,017	83,025	82,518	81,067
AEA Flowthrough	655,823	661,490	697,674	721,076	758,522
Capital outlay:					
Facilities acquisitions	319,303	313,565	1,192,340	9,460,614	7,579,085
Debt service:					
Principal	-	-	-	330,000	550,000
Interest	-	-	-	889,840	668,360
Total expenditures	\$ 15,086,390	\$ 15,926,964	\$ 17,860,909	\$ 28,216,035	\$ 27,170,117
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	4.53%	4.71%

Source: School District financial records.

		Fiscal Year				
		2002	2003	2004	2005	2006
\$	13,280,669	\$ 13,322,145	\$ 12,879,370	\$ 13,507,531	\$ 14,325,255	
	343,937	386,518	450,984	526,486	393,108	
	568,553	565,228	701,737	525,140	893,911	
	1,314,020	1,338,687	1,352,365	1,516,607	1,580,310	
	1,870,437	1,983,347	1,874,668	1,943,172	2,437,330	
	846,675	521,840	907,846	588,283	1,190,886	
	74,983	52,973	74,274	84,200	-	
	17,441	25,922	22,103	2,500	-	
	734,795	734,742	685,810	678,959	716,983	
	4,196,057	3,944,926	4,447,789	1,486,759	673,836	
	595,000	671,903	765,068	789,871	837,926	
	793,674	779,714	749,588	731,160	921,368	
\$	24,636,241	\$ 24,327,945	\$ 24,911,602	\$ 22,380,668	\$ 23,970,913	
	5.98%	6.35%	6.48%	7.29%	7.92%	

Schedule 7
Lewis Central Community School District

Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1997	1998	1999	2000	2001
Excess of revenues over (under) expenditures	\$ 783,241	\$ 483,881	\$ (239,439)	\$ (8,112,450)	\$ (7,196,086)
Other financing sources (uses):					
Proceeds from loans	-	-	-	-	-
General long-term debt issued	-	-	15,868,592	-	3,105,000
Refunding debt issued	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	-
Compensation for loss of capital assets	90,000	82,888	-	-	8,801
Sale of capital assets	1,807	940	3,444	4,652	5,305
Transfers in	90,000	66,853	-	-	89,655
Transfers out	(90,000)	(66,853)	(1,780)	-	(89,655)
Total other financing sources (uses)	91,807	83,828	15,870,256	4,652	3,119,106
Net change in fund balances	\$ 875,048	\$ 567,709	\$ 15,630,817	\$ (8,107,798)	\$ (4,076,980)

Source: School District financial records.

Fiscal Year				
2002	2003	2004	2005	2006
\$ (3,890,696)	\$ (2,021,150)	\$ (1,849,876)	\$ 1,302,836	\$ 993,257
283,832	-	356,084	-	315,507
-	-	-	-	10,000,000
-	-	-	-	5,820,000
-	-	-	-	(5,727,577)
79,952	33,056	-	8,700	-
3,771	781	127,395	620	8,071
100,000	64,618	130,457	130,457	1,293,576
(100,000)	(64,618)	(130,457)	(130,457)	(1,293,576)
367,555	33,837	483,479	9,320	10,416,001
\$ (3,523,141)	\$ (1,987,313)	\$ (1,366,397)	\$ 1,312,156	\$ 11,409,258

**Schedule 8
Lewis Central Community School District**

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
1997 (b)	\$ 305,572,133	\$ 54,531,361	\$ 132,643,852	\$ 1,473,821	\$ 491,273,525	\$13.88740
1998	325,126,166	56,259,721	142,902,066	1,554,754	522,733,199	12.67362
1999	365,783,303	57,899,709	181,678,575	1,534,382	603,827,205	12.23440
2000	378,997,132	62,273,454	177,084,474	1,546,420	616,808,640	14.59982
2001	446,141,499	66,241,878	181,662,934	1,550,124	692,496,187	14.02650
2002	473,779,654	62,775,004	186,201,391	1,555,680	721,200,369	14.41908
2003	552,562,840	110,879,169	144,549,537	1,546,420	806,445,126	14.25350
2004	584,143,876	117,857,946	146,356,532	1,551,976	846,806,378	14.13294
2005	610,908,203	125,598,181	140,568,624	1,592,720	875,482,288	14.22142
2006	640,391,340	134,511,964	141,610,785	1,611,240	914,902,849	14.14155

Source: Pottawattamie County Auditor

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year.

- (a) Per \$1,000 of assessed value.
- (b) Information by segment not available; amounts are estimates based on composition of property values by segment.

Schedule 9
Lewis Central Community School District

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
(Unaudited)

Fiscal Year Ended June 30	District Direct Rates			Total	City of Council Bluffs	County	Overlapping Rates			State of Iowa
	General Purposes	Management	Capital Purposes				Debt Service	Community College	Ag Extension	
1997	\$12,28895	\$0.59345	\$1,00500	\$13,88740	\$16,51148	\$5,81116	\$0.65722	\$0.07202	\$0.33377	\$0.00500
1998	11,28294	0.38568	1,00500	\$12,67362	16,49164	5,11108	0.69113	0.06152	0.34663	0.00500
1999	10,94192	0.28748	1,00500	\$12,23440	15,86655	4,90334	0.72324	0.05710	0.35222	0.00500
2000	10,65834	0.23773	1,00500	\$14,59982	15,90748	5,78038	0.64663	0.05496	0.33889	0.00500
2001	10,25525	0.27734	1,00500	\$14,02550	15,78900	5,79865	0.71479	0.05150	0.30269	0.00500
2002	10,39529	0.31748	1,00500	\$14,41908	15,72002	5,77339	0.62530	0.04886	0.31500	0.00500
2003	10,38617	0.28019	1,00497	\$14,25350	16,42850	6,07455	0.76610	0.04759	0.33984	0.00400
2004	10,38041	0.46315	0.83000	\$14,13294	16,74909	6,23360	0.72458	0.04588	0.35442	0.00400
2005	10,35038	0.49185	0.83000	\$14,22142	17,76669	6,91234	0.73653	0.04675	0.35440	0.00400
2006	10,30674	0.61703	0.83000	\$14,14155	18,39400	7,12695	0.76826	0.46860	0.37592	0.00400

Source: Pottawattamie County Auditor

**Schedule 10
Lewis Central Community School District**

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

Taxpayer	2006			1997		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Risen Son Christian Village	\$ 9,631,596	1	1.05%	\$ 7,194,635	1	1.46%
Wal-Mart Real Estate Business Trust	9,300,000	2	1.02%	-	-	-
Johnson Enterprise Ltd.	7,462,180	3	0.82%	2,029,354	3	0.41%
Menard Inc.	7,300,000	4	0.80%	-	-	-
HD Development Maryland Inc.	6,600,000	5	0.72%	-	-	-
Farnam Co.	6,559,479	6	0.72%	1,082,100	9	0.22%
Chapelridge of Council Bluffs Ltd.	5,606,858	7	0.61%	-	-	-
Sams Real Estate Business Trust	5,295,900	8	0.58%	-	-	-
Fox Run LLC	4,500,000	9	0.49%	-	-	-
CB Settle Inn	3,750,000	10	0.41%	-	-	-
FN Limited	-	-	-	2,427,701	2	0.49%
T-K O'Neil Family Partnership	-	-	-	1,790,100	4	0.36%
Telmar Allied	-	-	-	1,744,900	5	0.36%
TA Operating Corp.	-	-	-	1,323,000	6	0.27%
Midwest S9 LLC	-	-	-	1,600,200	7	0.33%
Regency of Iowa	-	-	-	1,459,200	8	0.30%
AREC 10 LLC	-	-	-	878,300	10	0.18%
Total	\$ 66,006,013		7.21%	\$ 21,529,490		4.38%

Source: Pottawattamie County GIS Department

Schedule 11
Lewis Central Community School District

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 4,914,236	\$ 4,870,115	99.10%	\$ 13,949	\$ 4,884,064	99.39%
1998	4,929,013	4,966,790	100.77%	30,555	4,997,345	101.39%
1999	5,290,899	6,157,040	116.37%	1,445	6,158,485	116.40%
2000	6,225,505	6,258,269	100.53%	3,567	6,261,836	100.58%
2001	6,431,023	6,388,163	99.33%	5,082	6,393,245	99.41%
2002	6,938,426	6,907,322	99.55%	4,327	6,911,649	99.61%
2003	7,634,914	7,506,932	98.32%	14,641	7,521,573	98.52%
2004	7,938,657	7,917,570	99.73%	2,684	7,920,254	99.77%
2005	7,953,099	7,872,744	98.99%	96,607	7,969,351	100.20%
2006	8,221,477	8,295,893	100.91%	-	8,295,893	100.91%

Source: Pottawattamie County Treasurer and District records.

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Lewis
Central

Schedule 12
Lewis Central Community School District

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Total General Bonded Debt Outstanding	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
1997	\$ -	\$ -	\$ 12,221	\$ 12,221	0.00%	\$ 1
1998	-	-	9,070	9,070	0.00%	1
1999	15,955,000	-	5,658	15,960,658	2.64%	1,441
2000	15,625,000	-	1,886	15,626,886	2.53%	1,410
2001	18,180,000	-	-	18,180,000	2.63%	1,641
2002	17,585,000	-	283,832	17,868,832	2.48%	1,421
2003	16,965,000	-	231,929	17,196,929	2.13%	1,367
2004	16,320,000	-	467,945	16,787,945	1.98%	1,335
2005	15,640,000	-	358,074	15,998,074	1.83%	1,272
2006	15,110,000	9,899,220	558,858	25,568,078	2.79%	2,033

Source: School District financial records and Pottawattamie County Auditor.

Notes:

- (a) Actual taxable value of property includes Tax Increment Financing valuation.
- (b) See Schedule 17 for population data.

Schedule 13
Lewis Central Community School District

Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bonds	Capital Leases	Compensated Absences	Early Retirement			
1997	\$ -	\$ -	\$ 12,221	\$ 32,899	\$ 208,910	\$ 254,030	0.16%	\$ 23
1998	-	-	9,070	19,065	148,208	176,343	0.10%	16
1999	15,955,000	-	5,658	20,859	120,758	16,102,275	8.59%	1,453
2000	15,625,000	-	1,886	29,287	202,715	15,858,888	7.92%	1,431
2001	18,180,000	-	-	60,552	145,981	18,386,533	9.33%	1,660
2002	17,585,000	-	283,832	94,688	198,046	18,161,566	9.15%	1,444
2003	15,965,000	-	231,929	83,542	234,171	16,514,642	8.19%	1,313
2004	16,320,000	-	467,945	85,237	93,265	16,966,447	7.78%	1,349
2005	15,640,000	-	358,074	93,791	117,361	16,209,226	N/A	1,289
2006	15,110,000	9,899,220	558,858	103,882	39,561	25,711,521	N/A	2,044

Source: School District financial records.

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.

(a) See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.

Schedule 14
Lewis Central Community School District

Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
City of Council Bluffs	\$ 104,775,000	21.30%	\$ 12,271,110
Pottawattamie County	12,605,000	19.39%	2,458,137
Mills County	48,275	1.93%	932
Loess Hills AEA 13	-	9.97%	-
Iowa Western Community College	36,335,000	9.97%	1,093,538
			15,823,717
Subtotal, overlapping debt			25,568,078
District direct debt			25,568,078
Total direct and overlapping debt			\$ 41,391,795

Source: Taxable value data used to estimate applicable percentages provided by the County Auditor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Schedule 15
Lewis Central Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

	1997	1998	1999	2000	2001
Debt limit	\$ 24,563,676	\$ 26,136,660	\$ 30,191,360	\$ 30,840,432	\$ 34,624,809
Total net debt applicable to limit	12,221	9,070	15,960,658	15,626,886	18,180,000
Legal debt margin	\$ 24,551,455	\$ 26,127,590	\$ 14,230,702	\$ 15,213,546	\$ 16,444,809
Total net debt applicable to the limit as a percentage of debt limit	0.05%	0.03%	52.86%	50.67%	52.51%

Source: School District financial records and Pottawattamie County Auditor.

Notes:

- (a) Actual assessed value includes Tax Increment Financing
- (b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2006

Actual assessed value (a)	\$ 914,902,849
Debt limit (5% of assessed value) (b)	\$ 45,745,142
Debt applicable to limit	<u>25,568,078</u>
Legal debt margin	<u>\$ 20,177,064</u>

	2002	2003	2004	2005	2006
\$	36,060,018	\$ 40,322,256	\$ 42,340,319	\$ 43,774,114	\$ 45,745,142
	17,868,832	17,196,929	16,787,945	15,998,074	25,568,078
\$	18,191,186	\$ 23,125,327	\$ 25,552,374	\$ 27,776,040	\$ 20,177,064
	49.55%	42.65%	39.65%	36.55%	55.89%

Schedule 16
Lewis Central Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds				Coverage
	Revenue	Debt Service			
		Principal	Interest		
1997	\$ -	\$ -	\$ -	-	
1998	-	-	-	-	
1999	-	-	-	-	
2000	-	-	-	-	
2001	-	-	-	-	
2002	-	-	-	-	
2003	-	-	-	-	
2004	-	-	-	-	
2005	-	-	-	-	
2006	2,111,834	100,780	1,062,339	1.82	

Source: School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.

Schedule 17
Lewis Central Community School District

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population (a)	Personal Income (b)	Adjusted Gross Income Per Tax Return (b)	Per Capita Personal Income	Unemployment Rate (c)
1996	11,079	N/A	N/A	N/A	3.80%
1997	11,079	\$ 158,967,897	\$ 32,011	\$ 14,349	3.00
1998	11,079	170,703,283	33,438	15,408	2.60
1999	11,079	187,473,621	35,312	16,922	2.50
2000	11,079	200,359,353	36,225	18,085	2.60
2001	12,577	197,149,321	36,307	15,675	3.30
2002	12,577	198,456,798	36,813	15,779	4.00
2003	12,577	201,557,220	36,620	16,026	4.50
2004	12,577	218,179,581	38,684	17,348	4.80
2005	12,577	N/A	N/A	N/A	3.30

Notes:

N/A = not available.

- (a) U.S. Department of Commerce, Bureau of Census
- (b) Iowa Department of Revenue
- (c) Iowa Workforce Development

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Lewis
Central

Schedule 18
Lewis Central Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2006			1997		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ameristar Casino Hotel	1,300	1	2.61%	1,350	1	3.17%
Council Bluffs Public Schools	1,250	2	2.51%	1,200	2	2.82%
Horseshoe Casino	1,100	3	2.21%	750	7	1.76%
Tyson Foods - Case Ready	1,052	4	2.11%	1,100	4	2.58%
Harrah's Casino Hotel	900	5	1.81%	1,200	2	2.82%
Alegent Health Systems/Mercy Hospital	800	6	1.61%	800	5	1.88%
Jennie Edmundson Memorial Hospital	800	6	1.61%	800	5	1.88%
Con Agra Frozen Foods	800	6	1.61%	700	8	1.64%
Iowa Western Community College	512	9	1.03%	500	9	1.17%
City of Council Bluffs	456	10	0.92%	450	10	1.06%
Total	<u>8,970</u>		<u>18.03%</u>	<u>8,850</u>		<u>20.78%</u>

Source: Omaha, Nebraska Chamber of Commerce, Council Bluffs, Iowa Chamber of Commerce and Pottawattamie County.

Schedule 19
Lewis Central Community School District

Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)

	Full-Time Equivalent Employees as of June 30				
	1997	1998	1999	2000	2001
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principals	5.0	5.0	5.0	5.0	5.0
Assistant principals	3.0	2.0	2.0	2.0	4.0
All other administrators	2.0	4.0	4.0	4.0	3.0
Total supervisory	11.0	12.0	12.0	12.0	13.0
Instruction:					
Regular program teachers	118.8	129.3	132.9	137.9	132.8
Special Education teachers	30.7	36.0	36.5	42.0	38.5
Paraeducators, Regular	23.5	17.5	22.0	25.0	22.0
Paraeducators, Special Education	23.5	17.5	24.0	23.0	29.0
Total instruction	196.5	200.3	215.4	227.9	222.3
Student services:					
Guidance counselors	7.0	3.0	8.0	3.0	7.0
Nurses	1.4	1.2	1.8	1.2	1.2
Media Specialists	3.6	4.0	3.8	3.8	3.8
Coordinators/Technicians	1.0	1.0	1.0	1.0	6.0
Total student services	13.0	9.2	14.6	9.0	18.0
Support and administration:					
Clerical/secretarial	32.0	33.0	13.0	34.0	28.4
Custodial and Maintenance	9.0	10.0	9.0	8.0	11.1
Food Service	25.0	27.0	26.0	26.0	21.5
Bus Drivers	18.0	19.0	22.0	22.0	19.0
Total support and administration	84.0	89.0	70.0	90.0	80.0
Total	304.5	310.5	312.0	338.9	333.3

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change 1997 - 2006
2002	2003	2004	2005	2006	
1.0	1.0	1.0	1.0	1.0	0.0%
5.0	5.0	4.0	4.0	4.0	-20.0%
4.0	4.0	3.0	4.0	2.7	-10.0%
3.0	3.0	3.0	3.0	5.0	150.0%
13.0	13.0	11.0	12.0	12.7	15.5%
139.3	137.3	133.0	131.5	153.0	28.8%
36.5	36.5	36.5	35.5	22.9	-25.4%
26.0	25.0	25.0	25.0	16.0	-31.9%
32.0	17.0	17.0	25.0	25.7	9.4%
233.8	215.8	211.5	217.0	217.6	10.7%
7.0	8.0	7.0	6.8	3.0	-57.1%
1.2	1.2	1.1	1.1	4.4	214.3%
3.8	3.8	4.0	4.0	4.0	11.1%
7.0	7.0	6.0	5.0	3.0	200.0%
19.0	20.0	18.1	16.9	14.4	10.8%
32.0	29.0	22.9	22.0	20.1	-37.2%
12.0	12.5	23.5	31.0	31.5	250.0%
30.0	30.0	22.9	30.0	24.3	-2.8%
23.0	22.0	23.0	29.0	24.5	36.1%
97.0	93.5	92.3	112.0	100.4	19.5%
362.8	342.3	332.9	357.9	345.1	13.3%

Schedule 20
Lewis Central Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
1997	2,587	\$ 14,767,087	\$ 5,708	-
1998	2,573	15,613,399	6,068	6.31%
1999	2,579	16,668,569	6,463	6.51%
2000	2,564	17,535,581	6,839	5.82%
2001	2,476	18,372,672	7,420	8.50%
2002	2,579	19,051,510	7,387	(0.45)%
2003	2,592	18,931,402	7,304	(1.13)%
2004	2,606	18,949,157	7,271	(0.44)%
2005	2,753	19,372,878	7,037	(3.22)%
2006	2,849	21,537,783	7,560	7.43%

Source: School District financial records and Iowa Department of Education.

Notes: N/A = not available.

(1) Average daily membership

(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
N/A	N/A	N/A	160.1	16.16	32.12%
N/A	N/A	N/A	172.3	14.93	38.09%
N/A	N/A	N/A	181.2	14.23	31.80%
N/A	N/A	N/A	186.7	13.73	32.22%
N/A	N/A	N/A	182.1	13.60	34.41%
N/A	N/A	N/A	186.6	13.82	32.69%
\$ 23,550,311	\$ 9,086	-	185.6	13.97	32.41%
21,566,630	8,276	(8.92)%	180.5	14.44	34.77%
22,722,663	8,254	(0.27)%	177.8	15.48	36.54%
24,693,316	8,667	5.01%	182.9	15.58	35.59%

**Schedule 21
Lewis Central Community School District**

**School Building Information
Last Ten Fiscal Years
(Unaudited)**

School	Fiscal Year				
	1997	1998	1999	2000	2001
Elementary:					
Lakeside (1961)					
Square feet	31,059	31,059	31,059	31,059	31,059
Capacity	400	400	400	400	400
Enrollment	354	361	371	360	312
Central (1954)					
Square feet	29,030	29,030	29,030	29,030	29,030
Capacity	400	400	400	400	400
Enrollment	398	422	362	354	382
E.A. Kreft (1967)					
Square feet	45,600	45,600	45,600	67,600	67,600
Capacity	500	500	500	650	650
Enrollment	408	425	431	440	421
Titan Hill (1976)					
Square feet					
Capacity					
Enrollment					
Middle:					
Titan Hill (1976)					
Square feet	103,678	103,678	103,678	103,678	103,678
Capacity	700	700	700	700	700
Enrollment	623	640	628	615	634
Lewis Central Middle School (1961)					
Square feet					
Capacity					
Enrollment					
High:					
Lewis Central Middle School (1961)					
Square feet	129,822	129,822	129,822	129,822	
Capacity	900	900	900	900	
Enrollment	811	786	814	833	
Lewis Central High School (2001)					
Square feet					172,000
Capacity					1,000
Enrollment					743

Fiscal Year				
2002	2003	2004	2005	2006

31,059	31,059			
400	400			
335	322			
29,030	29,030			
400	400			
351	263			
67,600	67,600	67,600	67,600	67,600
650	650	650	650	650
422	480	553	590	616
		103,678	103,678	103,678
		700	700	700
		542	551	587
103,678	103,678			
700	700			
648	633			
		129,822	129,822	129,822
		800	800	800
		610	616	654
172,000	172,000	172,000	172,000	172,000
1,000	1,000	1,000	1,000	1,000
794	738	813	834	856

Schedule 21
Lewis Central Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year				
	1997	1998	1999	2000	2001
Other District Facilities:					
Vocational Building (1971) Square feet	19,000	19,000	19,000	19,000	19,000
Educational Resource Center/ Building and Grounds/Transportation (1955) Square feet	8,388	8,388	8,388	8,388	8,388
Athletic Building (1984) Square feet	6,400	6,400	6,400	6,400	6,400

Source: District records

Notes:

Lakeside School ceased operations and was sold in 2003.
 Lewis Central Middle School classes moved from the building now called Titan Hill to the former high school after the 2003 school year.
 An addition to Kreft elementary school was completed in 1999.

Fiscal Year				
2002	2003	2004	2005	2006
19,000	19,000	19,000	19,000	19,000
8,388	8,388	8,388	8,388	8,388
6,400	6,400	6,400	6,400	6,400

Schedule 22
Lewis Central Community School District

Certified Staff Salaries
Last Ten Fiscal Years
(Unaudited)

School Year	Minimum	Maximum	Average
2005-2006	\$29,580	\$58,838	\$44,209
2004-2005	27,608	54,569	41,089
2003-2004	27,608	54,569	41,089
2002-2003	27,260	53,886	40,573
2001-2002	26,332	52,065	39,199
2000-2001	26,332	52,065	39,199
1999-2000	25,259	49,560	37,410
1998-1999	24,650	48,365	36,508
1997-1998	24,128	47,341	35,735
1996-1997	23,722	46,544	33,947

Source: School District financial records.

- Notes:
- The above table does not include extra duty pay.
 - Average salary does not includes supplemental Phase payments

Single Audit Section

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LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DONATION (non-cash)	10.550	FY 06	\$ <u>51,565</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 06	350,260
SCHOOL BREAKFAST PROGRAM	10.553	FY 06	<u>81,473</u>
			<u>431,733</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	3465-G	226,242
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	3465-GC	<u>6,424</u>
			<u>232,666</u>
STATE GRANTS FOR INNOVATIVE PROGRAMS			
STATE GRANTS FOR INNOVATIVE PROGRAMS	84.298	FY 05	2,696
STATE GRANTS FOR INNOVATIVE PROGRAMS	84.298	FY 06	<u>2,055</u>
			<u>4,751</u>
COMPRENSIVE SCHOOL REFORM DEMONSTRATION			
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 05	9,989
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 06	<u>89,927</u>
			<u>99,916</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)			
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 05	8,227
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 06	<u>10,670</u>
			<u>18,897</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES			
	84.048	FY 06	<u>22,564</u>
SPECIAL EDUCATION - GRANTS TO STATES (PART B)			
	84.027	FY 06	<u>141,638</u>
TOTAL			<u>\$ 1,037,647</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Lewis Central Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

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 the
Lewis Central Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lewis Central Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 12, 2006, which was qualified because of the lack of capital assets. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lewis Central 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 II of the accompanying Schedule of Findings and Questioned Costs.

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 material weaknesses. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

Compliance and Other Matters

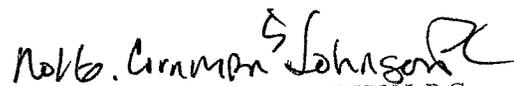
As part of obtaining reasonable assurance about whether Lewis Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could 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 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 IV of the accompanying Schedule of Findings and Questioned Costs.

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Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 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 Lewis Central Community School District and other parties to whom Lewis Central Community School District may report, including federal awarding agencies and pass-through entities. 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 Lewis Central 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.


NOLTE, CORNMAN & JOHNSON, P.C.

October 12, 2006

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Lewis Central Community School District:

Compliance

We have audited the compliance of Lewis Central Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Lewis Central Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants agreements applicable to each of its major federal programs is the responsibility of Lewis Central Community School District's management. Our responsibility is to express an opinion on Lewis Central Community School District's compliance based on our audit.

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

In our opinion, Lewis Central Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Lewis Central Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Lewis Central Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 non-compliance with applicable requirements of laws, regulations, contracts

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and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

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


NOLTE, CORNMAN & JOHNSON, P.C.

October 12, 2006

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Programs
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.556 - School Breakfast Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Lewis Central Community School District qualified as a low-risk auditee.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-06 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from. More specifically, playground equipment and supplies should more appropriately be expended from the General Fund. In addition, it would appear the some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund and establish procedures to ensure only appropriate expenditures are made form the Student Activity Fund.

Response - District business practices were amended in August 2006 to now include a review of all disbursements (including activities fund) as an additional step to detect and correct items that may not be coded to the proper fund and account number. The business manager performs this review before signing checks.

Conclusion - Response accepted.

II-B-06 Clothing Purchased for Coaches - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

Response - We will issue W-2 forms in the future for purchases of coaches apparel that do not remain the property of district athletic programs.

Conclusion - Response accepted.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No reportable conditions were reported.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

Part IV: Other Findings Related to Statutory Reporting

IV-A-06 Certified Budget - District expenditures for the year ended June 30, 2006 exceeded the amount budgeted in the support services program area.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We will amend the budget if necessary in the future.

Conclusion - Response accepted.

IV-B-06 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-06 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. However, we did note travel allowances paid to District officials which were not included in payroll.

Recommendation - The District should include travel allowances in payroll if not documentation is required for the payment.

Response - The district amended its accounting treatment in November 2006 for the auto allowance noted and the amount is included in compensation reported on W-2 forms.

Conclusion - Response accepted.

IV-D-06 Business Transactions - No business transactions between the District and District officials were noted.

IV-E-06 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-06 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - District staff will make more concerted efforts to fully comply in this area.

Conclusion - Response accepted.

IV-G-06 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-06 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-06 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

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