

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL
DISTRICT

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

June 30, 2007

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Independent Auditor's Report

To the Board of Education of
Eldora-New Providence 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 Eldora-New Providence Community School District, Eldora, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements of Eldora-New Providence School Foundation have not been audited, and we were not engaged to audit the Foundation's financial statements as part of our audit of the Eldora-New Providence Community School District's basic financial statements. The Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because we were not engaged to audit the Foundation's financial statements and because we did not apply any auditing procedures to the Foundation's financial statements, we do not express an opinion on the discretely presented component unit.

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 Eldora-New Providence Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated January 28, 2008, on our consideration of Eldora-New Providence Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 36 through 37 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eldora-New Providence Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein). We issued unqualified opinions on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information and we did not issue an opinion on the discretely presented component unit. Other supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

January 28, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Eldora-New Providence Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,642,851 in fiscal 2006 to \$6,262,863 in fiscal 2007, while General Fund expenditures increased from \$5,694,465 in fiscal 2006 to \$6,209,652 in fiscal 2007. The District's General Fund balance improved from (\$325,936) in fiscal 2006 to (\$297,785) in fiscal 2007, a 9% increase.
- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue plus revenue from the lease of the district's FCC EBS license to a private entity in fiscal 2007. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures. One reason the General Fund balance improved is because the FCC EBS revenue helped offset General Fund expenditures for fiscal 2007.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

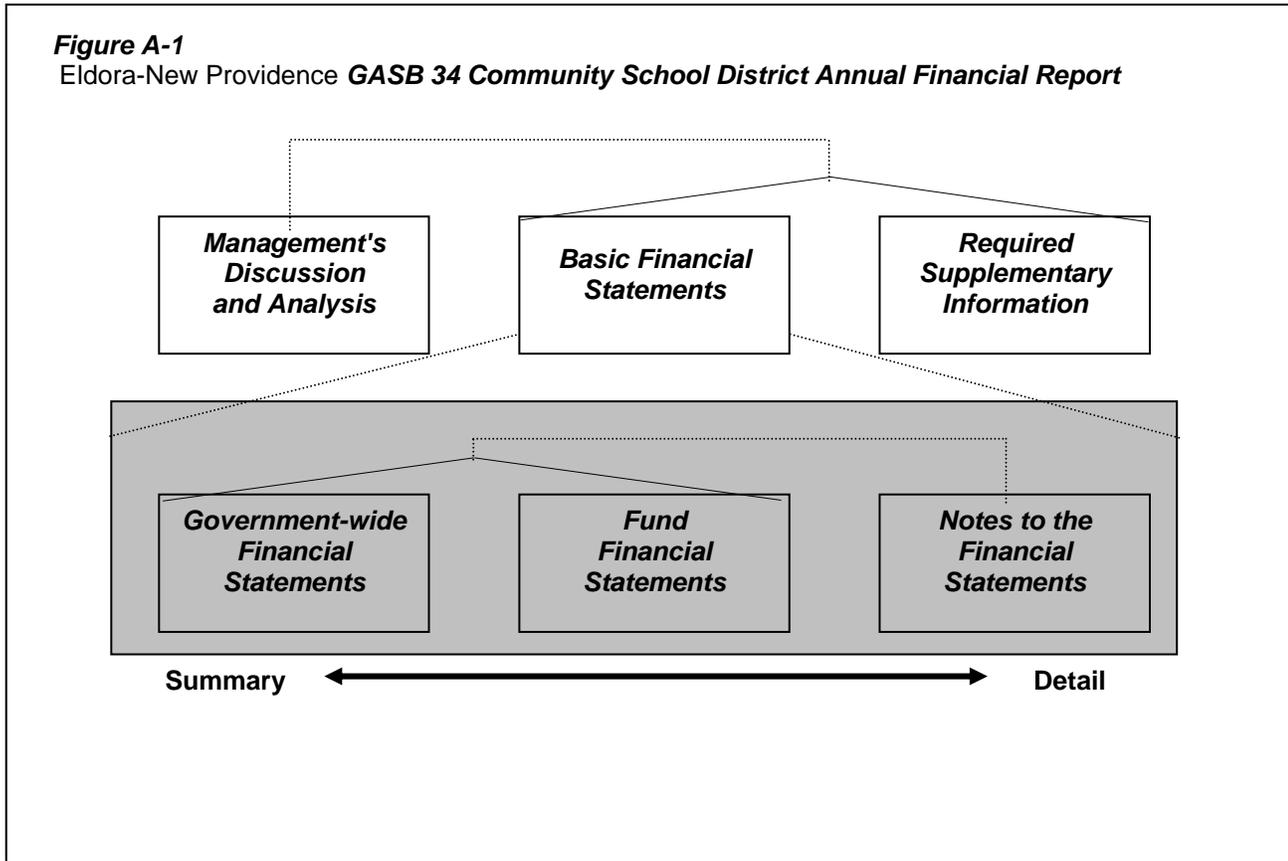


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Daycare Fund. The District uses *internal service funds*, the other kind of proprietary fund, to report activities that provide supplies and services for its other programs and activities. The District currently has one internal service fund used to account for the District's partially self-funded health insurance plan.

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

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

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2006-2007 %
	Governmental Activities		Business-type Activities		Total School District		
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	
Current and other assets	5,754,146	5,111,540	19,901	19,085	5,774,047	5,130,625	12.54
Capital assets	5,178,542	5,299,224	8,719	11,277	5,187,261	5,310,501	-2.32
Total assets	10,932,688	10,410,764	28,620	30,362	10,961,308	10,441,126	4.98
Long-term liabilities	1,933,424	2,428,753	0	0	1,933,424	2,428,753	-20.39
Other liabilities	5,505,816	5,001,241	3,547	3,174	5,509,363	5,004,415	10.09
Total liabilities	7,439,240	7,429,994	3,547	3,174	7,442,787	7,433,168	0.13
Net Assets:							
Invested in capital assets, net of related debt	3,688,542	3,389,224	8,719	11,277	3,697,261	3,400,501	8.72
Restricted	171,703	145,465	0	0	171,703	145,465	18.04
Unrestricted	(366,797)	(553,919)	16,354	15,911	(350,443)	(538,008)	34.86
TOTAL NET ASSETS	3,493,448	2,980,770	25,073	27,188	3,518,521	3,007,958	16.97

The District's combined net assets increased by nearly 17%, or approximately \$510,563, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$26,238 or 18% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – improved by approximately \$187,565 or nearly 35%. However, the carryover fund balance remains negative. The District has levied a \$200,000 cash levy to help improve net assets.

Figure A-4 shows the change in net assets for the years ended June 30, 2007 and 2006.

Figure A-4

	Change in Net Assets						Percentage Change 2006-2007 %
	Governmental Activities		Business-type Activities		Total School District		
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	
Revenues							
Program Revenues:							
Charges for services	831,027	636,876	206,658	140,101	1,037,685	776,977	33.55
Operating grants & contributions	781,337	803,302	140,193	138,064	921,530	941,366	-2.11
Capital grants & contributions	0	0	0	0	0	0	0
General Revenues:							
Property taxes	2,271,884	1,896,194	0	0	2,271,884	1,896,194	19.81
Income Surtax	161,374	153,523	0	0	161,374	153,523	5.11
Local option sales tax	383,374	385,251	0	0	383,374	385,251	0.48
Unrestricted state grants	2,620,356	2,553,382	0	0	2,620,356	2,553,382	2.62
Unrestricted investment earnings	107,807	76,963	0	0	107,807	76,963	40.08
Other revenue	132,244	3,567	0	0	132,244	3,567	3,607.43
Total Revenues	7,289,403	6,509,058	346,851	278,165	7,636,254	6,787,223	12.51
Expenses:							
Instruction	4,296,630	3,960,194	0	0	4,296,630	3,960,194	8.50
Support services	1,860,657	1,806,696	0	0	1,860,657	1,806,696	2.99
Non-instructional programs	176,273	0	348,966	266,944	525,239	266,944	96.76
Other expenditures	443,165	464,222	0	0	443,165	464,222	-4.54
Total expenses	6,776,725	6,231,112	348,966	266,944	7,125,691	6,498,056	9.66
Change in net assets before transfers	512,678	277,946	(2,115)	11,221	510,563	289,167	
Transfers	0	0	0	0	0	0	
CHANGE IN NET ASSETS	512,678	277,946	(2,115)	11,221	510,563	289,167	
Net assets beginning of year	2,980,770	2,702,824	27,188	15,967	3,007,958	2,718,791	
Net assets end of year	3,493,448	2,980,770	25,073	27,188	3,518,521	3,007,958	

Property tax and unrestricted state grants account for 64.1% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86.4% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$7,289,403 and expenses were \$6,776,725. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-2007	2007	2006	Change 2006-2007
	\$	\$	\$	\$	\$	\$
Instruction	4,296,630	3,960,194	336,436	3,004,610	2,729,696	274,914
Support Services	1,860,657	1,806,696	53,961	1,847,659	1,794,731	52,928
Non-instructional Programs	176,273	0	176,273	82,519	0	82,519
Other Expenses	443,165	464,222	(21,057)	229,543	266,507	(36,964)
TOTAL	6,776,725	6,231,112	545,613	5,164,331	4,790,934	373,397

- The cost financed by users of the District's programs was \$831,027. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$781,337.
- The net cost of governmental activities was financed with \$2,816,632 in property and local other taxes and \$2,620,356 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$346,851 and expenses were \$348,966. The District's business type activities include the School Nutrition Fund and Daycare Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2007, the District began operations of the Eldora Children's Center, a daycare operation which was a cooperative venture between the District and the City of Eldora. Any operating deficit during the first three years of operation of the daycare will be shared equally by the District and the City.

INDIVIDUAL FUND ANALYSIS

As previously noted, Eldora-New Providence Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of (\$172,964) which is improved over last year's ending fund balances of (\$303,964). The District continues to levy for cash reserve to improve this negative fund balance.

Governmental Fund Highlights

- The General Fund balance improved from (\$325,936) to (\$297,725), due in part to the revenues from the lease of the District's FCC Educational Broadband Services license.
- The Capital Projects Fund balance shows a deficit of \$58,909 because the Capital Projects Fund owes the General Fund \$122,000 for previous years note payments that were made from the General Fund but are now classified as Capital Projects Fund payments.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$27,188 at June 30, 2006 to \$34,375 at June 30, 2007, representing an increase of approximately 26%. The District began operation of a daycare during Fiscal Year 2007. Due in part to additional expenses related to start up costs, the Daycare Fund ended the year with a negative asset level of (\$9,302).

BUDGETARY HIGHLIGHTS

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

In spite of the District's budgetary practice, the certified budget was exceeded in non-instructional programs and other expenditures functional areas due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget. The addition of the daycare enterprise fund was a primary factor.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had invested \$5,187,261, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 2.3% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$335,236.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2006-2007 %
	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
Land	235,570	235,570	0	0	235,570	235,570	0
Construction in progress	0	0	0	0	0	0	0
Buildings	3,822,747	3,934,112	0	0	3,822,747	3,934,112	-2.8
Improvements	139,130	150,065	0	0	139,130	150,065	-7.3
Equipment & Furniture	981,095	979,477	8,719	11,277	989,814	990,754	-0.1
TOTAL	5,178,542	5,299,224	8,719	11,277	5,187,261	5,310,501	-2.3

Long-Term Debt

At June 30, 2007, the District had \$1,933,424 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately 20% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The master contract with the teachers includes a provision that allows teachers with 15 years of service to the District to be paid for up to 105 days of unused sick leave when employment with the District ends. This creates an additional liability of nearly \$300,000 to the District.

**Figure A-7
Outstanding Long-Term Obligations**

	Total School District		Percentage
	2007	2006	Change
	\$	\$	2006-2007
			%
General Obligation Bonds	1,295,000	1,625,000	-20.3
Energy Management Notes	195,000	285,000	-31.6
Early Retirement	160,286	212,006	-24.4
Compensated Absences	283,138	306,747	-7.7
	<u>1,933,424</u>	<u>2,428,753</u>	<u>-20.4</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- School financing is highly dependent upon student enrollment. The District's October 2007 enrollment decreased by almost 40 students. This drop in enrollment will decrease the District's funding for fiscal year 2009.
- The District had no increase in health insurance premiums for Fiscal Year 2008.
- The District imposed a cash reserve levy of \$200,000 for Fiscal Year 2008 to help reduce the General Fund balance deficit.
- The District began operating a daycare during Fiscal Year 2007. Expenditures exceeded revenues in part due to start up costs. It is likely that the daycare facility will operate at a deficit during its first several years.
- The District will begin a nine-year whole grade sharing contract with the Hubbard-Radcliffe Community School District during Fiscal Year 2008.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Randall C. Nichols, Superintendent or Cindy Bierle, District Secretary/Treasurer and Business Manager, Eldora-New Providence Community School District, 1010 Edgington Ave., Eldora, Iowa, 50627.

BASIC FINANCIAL STATEMENTS

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total	Component Unit Eldora-New Providence School Foundation
	\$	\$	\$	
Assets				
Cash and cash equivalents:				
ISCAP	2,328,361	-	2,328,361	-
Other	421,326	21,784	443,110	152,581
Receivables:				
Property tax:				
Delinquent	31,670	-	31,670	-
Succeeding year	2,500,190	-	2,500,190	-
Accounts	4,364	2,975	7,339	-
Accrued interest ISCAP	22,841	-	22,841	-
Due from other governments	428,177	-	428,177	-
Interfund receivable/payable	12,277	(12,277)	-	-
Inventories	4,940	7,419	12,359	-
Capital assets, net of accumulated depreciation	5,178,542	8,719	5,187,261	-
Total assets	10,932,688	28,620	10,961,308	152,581
Liabilities				
Accounts payable	75,401	-	75,401	-
Salaries and benefits payable	560,884	-	560,884	-
Accrued interest payable	5,095	-	5,095	-
Deferred revenue:				
Succeeding year property tax	2,500,190	-	2,500,190	-
Other	-	3,547	3,547	-
ISCAP warrants payable	2,333,000	-	2,333,000	-
ISCAP accrued interest payable	18,055	-	18,055	-
ISCAP premium	13,191	-	13,191	-
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	345,000	-	345,000	-
Energy management notes payable	95,000	-	95,000	-
Termination benefits	46,147	-	46,147	-
Compensated absences	32,000	-	32,000	-
Portion due after one year:				
General obligation bonds payable	950,000	-	950,000	-
Energy management notes payable	100,000	-	100,000	-
Termination benefits	114,139	-	114,139	-
Compensated absences	251,138	-	251,138	-
Total liabilities	7,439,240	3,547	7,442,787	-

See notes to financial statements.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total	Component Unit Eldora-New Providence School Foundation
	<u>\$</u>	<u>\$</u>	<u>\$</u>	
Net assets				
Invested in capital assets, net of related debt	3,688,542	8,719	3,697,261	-
Restricted for:				
Phase III	13,092	-	13,092	-
Physical plant and equipment levy	10,529	-	10,529	-
Other special revenue purposes	144,292	-	144,292	-
Debt service	3,790	-	3,790	-
Unrestricted	<u>(366,797)</u>	<u>16,354</u>	<u>(350,443)</u>	<u>152,581</u>
Total net assets	<u><u>3,493,448</u></u>	<u><u>25,073</u></u>	<u><u>3,518,521</u></u>	<u><u>152,581</u></u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	2,541,096	305,111	360,234	-
Special	1,012,515	234,081	72,846	-
Other	743,019	196,775	122,973	-
	<u>4,296,630</u>	<u>735,967</u>	<u>556,053</u>	<u>-</u>
Support services:				
Student	152,211	-	-	-
Instructional staff	262,116	-	-	-
Administration	666,122	-	-	-
Operation and maintenance of plant	542,169	75	-	-
Transportation	238,039	9,492	3,431	-
	<u>1,860,657</u>	<u>9,567</u>	<u>3,431</u>	<u>-</u>
Non-instructional programs	<u>176,273</u>	<u>85,493</u>	<u>8,261</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	15,088	-	-	-
Long-term debt interest	77,906	-	299	-
AEA flowthrough	213,293	-	213,293	-
Depreciation (unallocated)*	136,878	-	-	-
	<u>443,165</u>	<u>-</u>	<u>213,592</u>	<u>-</u>
Total governmental activities	<u>6,776,725</u>	<u>831,027</u>	<u>781,337</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	284,738	155,486	136,439	-
Daycare	64,228	51,172	3,754	-
Total business-type activities	<u>348,966</u>	<u>206,658</u>	<u>140,193</u>	<u>-</u>
Total primary government	<u>7,125,691</u>	<u>1,037,685</u>	<u>921,530</u>	<u>-</u>
Component Units:				
Eldora-New Providence School Foundation	<u>11,698</u>	<u>5,125</u>	<u>-</u>	<u>-</u>
Total	<u>7,137,389</u>	<u>1,042,810</u>	<u>921,530</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Governmental Activities	Business Type Activities	Total	Component Unit
\$	\$	\$	\$
(1,875,751)	-	(1,875,751)	-
(705,588)	-	(705,588)	-
(423,271)	-	(423,271)	-
(3,004,610)	-	(3,004,610)	-
(152,211)	-	(152,211)	-
(262,116)	-	(262,116)	-
(666,122)	-	(666,122)	-
(542,094)	-	(542,094)	-
(225,116)	-	(225,116)	-
(1,847,659)	-	(1,847,659)	-
(82,519)	-	(82,519)	-
(15,088)	-	(15,088)	-
(77,607)	-	(77,607)	-
-	-	-	-
(136,878)	-	(136,878)	-
(229,573)	-	(229,573)	-
(5,164,361)	-	(5,164,361)	-
-	7,187	7,187	-
-	(9,302)	(9,302)	-
-	(2,115)	(2,115)	-
-	-	-	-
-	-	-	(6,573)
(5,164,361)	(2,115)	(5,166,476)	(6,573)
2,020,629	-	2,020,629	-
202,377	-	202,377	-
48,878	-	48,878	-
161,374	-	161,374	-
383,374	-	383,374	-
2,620,356	-	2,620,356	-
107,807	-	107,807	5,555
132,244	-	132,244	-
5,677,039	-	5,677,039	5,555
512,678	(2,115)	510,563	(1,018)
2,980,770	27,188	3,007,958	153,599
3,493,448	25,073	3,518,521	152,581

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2007

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Assets			
Cash and pooled investments:			
ISCAP	2,328,361	-	2,328,361
Other	63,085	181,491	244,576
Receivables:			
Property tax:			
Delinquent	25,794	5,876	31,670
Succeeding year	2,118,249	381,941	2,500,190
Accounts	4,364	-	4,364
Accrued interest - ISCAP	22,841	-	22,841
Inventories	4,940	-	4,940
Interfund receivable	134,277	-	134,277
Due from other governments	365,246	62,931	428,177
	<u>5,067,157</u>	<u>632,239</u>	<u>5,699,396</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	71,864	3,537	75,401
Salaries and benefits payable	560,884	-	560,884
Interfund payable	100,000	122,000	222,000
ISCAP warrants payable	2,333,000	-	2,333,000
ISCAP accrued interest payable	18,055	-	18,055
ISCAP premium	13,191	-	13,191
Deferred revenue:			
Succeeding year property tax	2,118,249	381,941	2,500,190
Other	149,639	-	149,639
Total liabilities	<u>5,364,882</u>	<u>507,478</u>	<u>5,872,360</u>
Fund balances:			
Reserved for:			
Phase III	13,092	-	13,092
Debt service	-	8,885	8,885
Unreserved, reported in:			
General fund	(310,817)	-	(310,817)
Special revenue funds	-	174,785	174,785
Capital project fund	-	(58,909)	(58,909)
Total fund balances	<u>(297,725)</u>	<u>124,761</u>	<u>(172,964)</u>
	<u>5,067,157</u>	<u>632,239</u>	<u>5,699,396</u>
Total liabilities and fund balances			

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

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

June 30, 2007

	\$
Total fund balances of governmental funds (Exhibit C)	(172,964)
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,178,542
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	149,639
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.	(5,095)
An internal service fund is used by the District's management to charge the costs of the partially self-funded health insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	276,750
Long-term liabilities, including bonds payable, notes payable, compensated absences and termination benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(1,933,424)</u>
Net assets of governmental activities (Exhibit A)	<u><u>3,493,448</u></u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	1,999,954	807,517	2,807,471
Tuition	476,037	-	476,037
Other	385,478	209,862	595,340
State sources	3,144,613	-	3,144,613
Federal sources	256,781	-	256,781
Total revenues	<u>6,262,863</u>	<u>1,017,379</u>	<u>7,280,242</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,447,593	98,597	2,546,190
Special	1,012,515	-	1,012,515
Other	558,263	184,664	742,927
	<u>4,018,371</u>	<u>283,261</u>	<u>4,301,632</u>
Support services:			
Student	152,211	-	152,211
Instructional staff	260,988	72,848	333,836
Administration	665,812	-	665,812
Operation and maintenance of plant	462,461	40,659	503,120
Transportation	260,243	9,419	269,662
	<u>1,801,715</u>	<u>122,926</u>	<u>1,924,641</u>
Non-instructional programs	<u>176,273</u>	<u>-</u>	<u>176,273</u>
Other expenditures:			
Facilities acquisition	-	34,003	34,003
Long-term debt:			
Principal	-	420,000	420,000
Interest and fiscal charges	-	79,400	79,400
AEA flowthrough	213,293	-	213,293
	<u>213,293</u>	<u>533,403</u>	<u>746,696</u>
Total expenditures	<u>6,209,652</u>	<u>939,590</u>	<u>7,149,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,211</u>	<u>77,789</u>	<u>131,000</u>
Other financing sources (uses):			
Operating transfers in	-	297,352	297,352
Operating transfers out	(25,000)	(272,352)	(297,352)
Total other financing sources (uses)	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>
Net change in fund balances	28,211	102,789	131,000
Fund balances beginning of year	<u>(325,936)</u>	<u>21,972</u>	<u>(303,964)</u>
Fund balances end of year	<u>(297,725)</u>	<u>124,761</u>	<u>(172,964)</u>

See notes to financial statements.

ELDORA-NEW PROVIDENCE 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, 2007

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		131,000
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures during the current year, as follows:		
Expenditures for capital assets	211,996	
Depreciation expense	<u>(332,678)</u>	(120,682)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.		
		9,161
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
		420,000
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.		
		1,494
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, as follows:		
Termination benefits	51,720	
Compensated absences	<u>23,609</u>	75,329
An internal service fund is used by the District's management to charge the costs of the partially self-funded health insurance program to the individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		
		<u>(3,624)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>512,678</u></u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2007

	Nonmajor Enterprise Funds <u> </u> \$	Governmental Activities - Internal Service Fund <u> </u> \$
Assets		
Cash and cash equivalents	21,784	176,750
Accounts receivable	2,975	-
Interfund receivable	-	100,000
Inventories	7,419	-
Capital assets, net of accumulated depreciation	<u>8,719</u>	<u>-</u>
Total assets	<u>40,897</u>	<u>276,750</u>
Liabilities		
Interfund payable	12,277	-
Deferred revenue	<u>3,547</u>	<u>-</u>
Total liabilities	<u>15,824</u>	<u>-</u>
Net assets		
Invested in capital assets, net of related debt	8,719	-
Unrestricted	<u>16,354</u>	<u>276,750</u>
Total net assets	<u><u>25,073</u></u>	<u><u>276,750</u></u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
	\$	\$
Operating revenues:		
Local sources:		
Charges for service	206,658	35,000
Operating expenses:		
Non-instructional programs:		
Salaries	137,510	31,462
Benefits	49,330	8,815
Purchased services	1,449	-
Supplies	158,119	-
Depreciation	2,558	-
	<u>348,966</u>	<u>40,277</u>
Operating gain (loss)	<u>(142,308)</u>	<u>(5,277)</u>
Non-operating revenues:		
State sources	3,213	-
Federal sources	136,980	-
Interest income	-	1,653
Total non-operating revenues	<u>140,193</u>	<u>1,653</u>
Change in net assets	(2,115)	(3,624)
Net assets beginning of year	<u>27,188</u>	<u>280,374</u>
Net assets end of year	<u><u>25,073</u></u>	<u><u>276,750</u></u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2007

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
	\$	\$
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	155,888	-
Sale of services to other funds	48,197	35,000
Cash payments to employees for services	(186,840)	(41,951)
Cash payments to suppliers for goods or services	(145,195)	-
Net cash provided (used) by operating activities	<u>(127,950)</u>	<u>(6,951)</u>
Cash flows from non-capital financing activities:		
State grants received	3,213	-
Federal grants received	119,987	-
Net cash provided by non-capital financing activities	<u>123,200</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Loans from (to) other funds	<u>12,277</u>	<u>16,859</u>
Cash flows from investing activities:		
Interest on investments	<u>-</u>	<u>1,653</u>
Net increase (decrease) in cash and cash equivalents	7,527	11,561
Cash and cash equivalents at beginning of year	<u>14,257</u>	<u>165,189</u>
Cash and cash equivalents at end of year	<u><u>21,784</u></u>	<u><u>176,750</u></u>
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:		
Operating gain (loss)	(142,308)	(5,277)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Commodities used	16,993	-
Depreciation	2,558	-
Decrease (increase) in inventories	(2,620)	-
Decrease (increase) in accounts receivable	(2,946)	-
(Decrease) increase in accounts payable	-	(1,674)
(Decrease) increase in deferred revenue	373	-
Net cash used in operating activities	<u><u>(127,950)</u></u>	<u><u>(6,951)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007 the District received \$16,993 of federal commodities.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

1. Summary of Significant Accounting Policies

Eldora-New Providence Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Eldora and New Providence, Iowa and the predominately agricultural territory in a portion of Grundy, Hardin and Marshall Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Eldora-New Providence 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 Eldora-New Providence Community School District Foundation has been included as a discretely presented component unit because of the nature and significance of its relationship with the District.

The Eldora-New Providence Community School District Foundation was established to maintain, develop, and expand the facilities and services of the Eldora-New Providence Community School District, and to foster educational opportunities for the students, staff, faculty and the residents of the geographical area served by the Eldora-New Providence Community School District. The Foundation has a December 31, year-end. Foundation financial statements are shown in the Statement of Net Assets and the Statement of Activities in separate columns. As explained in the Independent Auditor's Opinion, the Foundation financial statements have not been audited.

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

B. Basis of Presentation

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

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

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

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

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

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

The District reports the following major governmental fund:

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

The District's proprietary funds include the Enterprise, School Nutrition Fund and the Enterprise Daycare Fund. These funds are used to account for the food service operations and child care operations of the District.

The District's internal service fund is also reported as a proprietary fund. The internal service fund is used to account for the District's medical deductible reimbursement program.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the

District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006, through June 30, 2007, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

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

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

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

<u>Asset Class</u>	<u>Amount</u> \$
Land	-
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	7-30 years

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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.

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.

2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

3. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2007, is as follows:

Receivable Fund	Payable Fund	Amount
		\$
General Fund	Nonmajor - Capital Projects Fund	122,000
General Fund	Nonmajor – Daycare Fund	12,277
Internal Service Fund	General Fund	100,000

The Internal Service Fund loaned the General Funds money to improve cash flow.

The Capital Projects Fund owes the General Fund \$122,000 for previous year note payments that were made from the General Fund, but now are reclassified as Capital Projects Fund payments. The District expects this loan to be repaid over the next several years.

The General Fund loaned the Daycare Fund money for cash flow purposes.

4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer To	Transfer From	Amount
		\$
Nonmajor - Debt Service Fund	General Fund	25,000
Nonmajor - Debt Service Fund	Nonmajor - Capital Projects Fund	272,352

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

5. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2007, is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2006-07A	06/28/06	06/28/07	-	330	-	-
2006-07B	01/26/07	01/25/08	979,496	22,108	982,000	17,723
2007-08A	06/27/07	06/27/08	1,348,865	403	1,351,000	332
Total			<u>2,328,361</u>	<u>22,841</u>	<u>2,333,000</u>	<u>18,055</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007, is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$ -	\$ 965,000	\$ 965,000	\$ -

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

Series	Interest Rates on Warrants %	Interest Rates on Investments %
2006-07A	4.500	5.676
2006-07B	4.250	5.315
2007-08A	4.500	5.455

6. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

	Balance Beginning of Year \$	Increases \$	Decreases \$	Balance End of Year \$
Governmental activities:				
Capital assets not being depreciated:				
Land	235,570	-	-	235,570
Capital assets being depreciated:				
Buildings	6,584,371	14,578	-	6,598,949
Improvements other than buildings	218,679	-	-	218,679
Furniture and equipment	1,964,323	197,418	29,425	2,132,316
Total capital assets being deprec.	8,767,373	211,996	29,425	8,949,944
Less accumulated depreciation for:				
Buildings	2,650,259	125,943	-	2,776,202
Improvements other than buildings	68,614	10,935	-	79,549
Furniture and equipment	984,846	195,800	29,425	1,151,221
Total accumulated depreciation	3,703,719	332,678	29,425	4,006,972
Total capital assets being depreciated, net	5,063,654	(120,682)	-	4,942,972
Governmental activities capital assets, net	5,299,224	(120,682)	-	5,178,542

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	182,620	-	-	182,620
Less accumulated depreciation	<u>171,343</u>	<u>2,558</u>	<u>-</u>	<u>173,901</u>
Business type activities capital assets, net	<u>11,277</u>	<u>(2,558)</u>	<u>-</u>	<u>8,719</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	67,994
Other	5,791
Support services:	
Instructional staff support	39,033
Administration services	310
Operation and maintenance of plant services	37,666
Transportation	<u>45,006</u>
	195,800
Unallocated depreciation	<u>136,878</u>
Total depreciation expense – governmental activities	<u>332,678</u>
Business type activities:	
Food services	<u>2,558</u>

7 Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	1,625,000	-	330,000	1,295,000	345,000
Energy management notes	285,000	-	90,000	195,000	95,000
Termination benefits	212,006	-	51,720	160,286	46,147
Compensated absences	<u>306,747</u>	<u>7,853</u>	<u>31,462</u>	<u>283,138</u>	<u>32,000</u>
Total	<u>2,428,753</u>	<u>7,853</u>	<u>503,182</u>	<u>1,933,424</u>	<u>518,147</u>

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees during the year ended June 30, 2004. Eligible employees must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits were the greater of 1/3 of annual gross salary at the time of retirement or \$15,000.

Early retirement benefits will be paid in three annual installments or the retiree may elect to have the benefit applied to health insurance premiums.

At June 30, 2007, the District has obligations to fourteen participants with a total liability of \$160,286. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$51,720.

General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May, 1998			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2008	4.375	345,000	57,289	402,289
2009	4.400	365,000	42,195	407,195
2010	4.450	380,000	26,135	406,135
2011	4.500	205,000	9,225	214,225
		<u>1,295,000</u>	<u>134,844</u>	<u>1,429,844</u>

Energy Management Capital Loan Notes

The District issued \$250,000 of notes at no interest on June 30, 2002 and \$550,000 of notes, at 5.5% interest, on July 1, 2002. The proceeds of the notes were used to purchase and install a wind generator. Details of the District's energy management capital loan notes are as follows:

Year Ending June 30,	June 30, 2002 Issue		July 1, 2002 Issue		Total
	Principal	Interest	Principal	Interest	
	\$	\$	\$	\$	
2008	25,000	-	70,000	3,850	98,850
2009	25,000	-	-	-	25,000
2010	25,000	-	-	-	25,000
2011	25,000	-	-	-	25,000
2012	25,000	-	-	-	25,000
	<u>125,000</u>	<u>-</u>	<u>70,000</u>	<u>3,850</u>	<u>198,850</u>

During the year ended June 30, 2007, the District made principal and interest payments totaling \$97,425 under the note agreements. The General Fund paid \$25,000 and the Capital Projects Fund paid \$72,425.

8. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to

IPERS for the years ended June 30, 2007, 2006, and 2005 were \$215,255, \$198,395, and \$197,055 respectively, equal to the required contributions for each year.

9. Risk Management

The 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.

10. 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 \$213,293 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Fund Balance Deficits

The General Fund has a \$310,817 deficit unreserved fund balance, the Nonmajor Capital Projects Fund has a \$58,909 deficit unreserved fund balance, the Nonmajor Daycare Fund has a \$9,302 deficit unrestricted net assets June 30, 2007.

12. Operating Lease

The District entered into a contract to lease copy machines. The payments the District will make over the next four years are as follows:

<u>Year Ended June 30</u>	<u>Lease Payment</u>
	\$
2008	10,773
2009	10,380
2010	10,380
2011	9,515

REQUIRED SUPPLEMENTARY INFORMATION

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	3,878,848	206,658	4,085,506	3,736,369	3,736,369	349,137
Intermediate sources	-	-	-	5,200	5,200	(5,200)
State sources	3,144,613	3,213	3,147,826	3,161,807	3,161,807	(13,981)
Federal sources	256,781	136,980	393,761	394,664	394,664	(903)
Total revenues	<u>7,280,242</u>	<u>346,851</u>	<u>7,627,093</u>	<u>7,298,040</u>	<u>7,298,040</u>	<u>329,053</u>
Expenditures:						
Instruction	4,301,632	-	4,301,632	4,317,000	4,317,000	15,368
Support services	1,924,641	-	1,924,641	1,935,272	1,935,272	10,631
Non-instructional programs	176,273	348,966	525,239	288,580	288,580	(236,659)
Other expenditures	746,696	-	746,696	743,927	743,927	(2,769)
Total expenditures	<u>7,149,242</u>	<u>348,966</u>	<u>7,498,208</u>	<u>7,284,779</u>	<u>7,284,779</u>	<u>(213,429)</u>
Excess (deficiency) of revenues over (under) expenditures	131,000	(2,115)	128,885	13,261	13,261	115,624
Balance beginning of year	<u>(303,964)</u>	<u>27,188</u>	<u>(276,776)</u>	<u>(305,983)</u>	<u>(305,983)</u>	<u>29,207</u>
Balance end of year	<u><u>(172,964)</u></u>	<u><u>25,073</u></u>	<u><u>(147,891)</u></u>	<u><u>(292,722)</u></u>	<u><u>(292,722)</u></u>	<u><u>144,831</u></u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2007

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, 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 function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District did not amend its budget during the year.

During the year ended June 30, 2007, expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

Assets	Special Revenue Funds			Capital Projects		Total \$
	Management Levy \$	Student Activity Fund \$	Physical Plant and Equipment Levy \$	Sales Tax \$	Debt Service \$	
	Cash and pooled investments	17,550	147,829	9,855	160	
Receivables:						
Property tax:						
Delinquent	2,414	-	674	-	2,788	5,876
Succeeding year	130,000	-	49,252	-	202,689	381,941
Due from other governments	-	-	-	62,931	-	62,931
Total assets	149,964	147,829	59,781	63,091	211,574	632,239
Liabilities & Fund Balances						
Liabilities:						
Accounts payable	-	3,537	-	-	-	3,537
Interfund payables	-	-	-	122,000	-	122,000
Deferred revenue:						
Succeeding year property tax	130,000	-	49,252	-	202,689	381,941
Total liabilities	130,000	3,537	49,252	122,000	202,689	507,478
Fund balances:						
Reserved for debt service	-	-	-	-	8,885	8,885
Unreserved fund balance reported in:						
Special revenue funds	19,964	144,292	10,529	-	-	174,785
Capital project funds	-	-	-	(58,909)	-	(58,909)
Total fund balances	19,964	144,292	10,529	(58,909)	8,885	124,761
Total liabilities and fund balances	149,964	147,829	59,781	63,091	211,574	632,239

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	Special Revenue Funds			Capital Projects		Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Sales Tax	Debt Service	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	172,888	-	48,878	383,374	202,377	807,517
Other	9,038	200,344	181	-	299	209,862
Total revenues	<u>181,926</u>	<u>200,344</u>	<u>49,059</u>	<u>383,374</u>	<u>202,676</u>	<u>1,017,379</u>
Expenditures:						
Current:						
Instruction:						
Regular	98,597	-	-	-	-	98,597
Other	-	184,664	-	-	-	184,664
Support services:						
Instructional staff	-	-	4,500	68,348	-	72,848
Operation and maintenance of plant	39,659	-	1,000	-	-	40,659
Transportation	8,494	-	925	-	-	9,419
Other expenditures:						
Facilities acquisition	-	-	34,003	-	-	34,003
Long-term debt:						
Principal	-	-	-	-	420,000	420,000
Interest and fiscal charges	-	-	-	-	79,400	79,400
Total expenditures	<u>146,750</u>	<u>184,664</u>	<u>40,428</u>	<u>68,348</u>	<u>499,400</u>	<u>939,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,176</u>	<u>15,680</u>	<u>8,631</u>	<u>315,026</u>	<u>(296,724)</u>	<u>77,789</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	-	297,352	297,352
Operating transfers out	-	-	-	(272,352)	-	(272,352)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(272,352)</u>	<u>297,352</u>	<u>25,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	35,176	15,680	8,631	42,674	628	102,789
Fund balances beginning of year	<u>(15,212)</u>	<u>128,612</u>	<u>1,898</u>	<u>(101,583)</u>	<u>8,257</u>	<u>21,972</u>
Fund balances end of year	<u>19,964</u>	<u>144,292</u>	<u>10,529</u>	<u>(58,909)</u>	<u>8,885</u>	<u>124,761</u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Net Assets
Nonmajor Enterprise Funds

June 30, 2007

	Enterprise Funds		
	Nonmajor		Total
	School	Daycare	
	\$	\$	\$
Assets			
Cash and cash equivalents	21,784	-	21,784
Accounts receivable	-	2,975	2,975
Inventories	7,419	-	7,419
Capital assets, net of accumulated depreciation	8,719	-	8,719
Total assets	37,922	2,975	40,897
Liabilities			
Interfund payable	-	12,277	12,277
Deferred revenue	3,547	-	3,547
Total liabilities	3,547	12,277	15,824
Net assets			
Invested in capital assets, net of related debt	8,719	-	8,719
Unrestricted	25,656	(9,302)	16,354
Total net assets	34,375	(9,302)	25,073

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds

Year ended June 30, 2007

	<u>Enterprise Funds</u>		
	Nonmajor School Nutrition	Daycare	Total
	\$	\$	\$
Operating revenues:			
Local sources:			
Charges for service	155,486	51,172	206,658
Operating expenses:			
Non-instructional programs:			
Salaries	97,236	40,274	137,510
Benefits	39,838	9,492	49,330
Purchased services	-	1,449	1,449
Supplies	145,106	13,013	158,119
Depreciation	2,558	-	2,558
	<u>284,738</u>	<u>64,228</u>	<u>348,966</u>
Operating gain (loss)	<u>(129,252)</u>	<u>(13,056)</u>	<u>(142,308)</u>
Non-operating revenues:			
State sources	3,213	-	3,213
Federal sources	133,226	3,754	136,980
Total non-operating revenues	<u>136,439</u>	<u>3,754</u>	<u>140,193</u>
Change in net assets	7,187	(9,302)	(2,115)
Net assets beginning of year	<u>27,188</u>	<u>-</u>	<u>27,188</u>
Net assets end of year	<u><u>34,375</u></u>	<u><u>(9,302)</u></u>	<u><u>25,073</u></u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Cash Flows
Nonmajor Enterprise Funds

Year ended June 30, 2007

	Enterprise Funds		
	Nonmajor School Nutrition	Daycare	Total
	\$	\$	\$
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	155,888	-	155,888
Daycare services	-	48,197	48,197
Cash payments to employees for services	(137,074)	(49,766)	(186,840)
Cash payments to suppliers for goods or services	(130,733)	(14,462)	(145,195)
Net cash provided (used) by operating activities	<u>(111,919)</u>	<u>(16,031)</u>	<u>(127,950)</u>
Cash flows from non-capital financing activities:			
State grants received	3,213	-	3,213
Federal grants received	116,233	3,754	119,987
Net cash provided by non-capital financing activities	<u>119,446</u>	<u>3,754</u>	<u>123,200</u>
Cash flows from capital and related financing activities:			
Loans from (to) other funds	-	12,277	12,277
Cash flows from investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	7,527	-	7,527
Cash and cash equivalents at beginning of year	14,257	-	14,257
Cash and cash equivalents at end of year	<u>21,784</u>	<u>-</u>	<u>21,784</u>
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:			
Operating gain (loss)	(129,252)	(13,056)	(142,308)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:			
Commodities used	16,993	-	16,993
Depreciation	2,558	-	2,558
Decrease (increase) in inventories	(2,620)	-	(2,620)
Decrease (increase) in accounts receivable	29	(2,975)	(2,946)
(Decrease) increase in deferred revenue	373	-	373
Net cash used in operating activities	<u>(111,919)</u>	<u>(16,031)</u>	<u>(127,950)</u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance	Revenues	Expenditures	Balance End
	Beginning of			of Year
	Year			
	\$	\$	\$	\$
Elementary challenge	-	134	-	134
MS vocal	917	(647)	270	-
MS instrumental	720	437	1,157	-
MS athletics general	8,375	(8,365)	10	-
MS basketball	484	1,216	1,700	-
MS baseball/softball	136	(136)	-	-
MS track	1,196	364	1,560	-
MS football	615	953	1,568	-
MS wrestling	433	(363)	70	-
MS volleyball	236	338	574	-
MS student council	1,561	1,314	1,055	1,820
MS activities/fund raisers	6,015	8,789	14,804	-
MS student store	3,210	(3,210)	-	-
MS annual	2,015	(2,015)	-	-
Drama club	108	-	-	108
HS vocal music	121	13,708	13,049	780
HS instrumental music	2,807	964	660	3,111
Music resale	444	348	510	282
Performance team	1,207	1,567	2,462	312
HS athletics general	5,043	5,186	4,650	5,579
South Hardin uniform fund	-	32,245	9,665	22,580
South Hardin signs/records	-	13,005	-	13,005
HS athletic resale	247	729	-	976
HS basketball	2,544	16,238	13,496	5,286
HS athletic medical	313	1,000	1,088	225
HS athletic clinics	194	800	769	225
HS baseball/softball	699	5,907	6,418	188
HS baseball/softball scoreboards	1,899	1,800	3,699	-
HS track	3,445	7,129	2,118	8,456
HS track resurfacing	13,973	8,791	3,000	19,764
HS cross country	473	1,056	1,332	197
HS tennis	26	1,233	1,181	78
HS golf	99	1,305	1,244	160
Cheerleaders	473	6,495	6,696	272
HS football	3,265	11,372	10,493	4,144
Football fund raisers	2,306	10,810	13,014	102
HS wrestling	6,387	4,174	3,690	6,871
HS volleyball	2,622	3,142	3,098	2,666
HS student council	2,581	561	1,496	1,646
Get a grip	1,489	271	774	986
National Honor Society	4,700	3,872	1,971	6,601

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$
FFA	6,645	15,082	15,042	6,685
Spanish club	687	-	-	687
Class of 2006	1,218	(1,218)	-	-
Class of 2007	514	1,995	2,373	136
Class of 2008	9,107	3,643	11,554	1,196
Class of 2009	414	13,860	8,024	6,250
Class of 2010	-	10	-	10
HS concessions, donations	9,819	14,385	4,396	19,808
HS annual/2006	8,337	(933)	7,404	-
HS annual/2005	1,543	(1,543)	-	-
HS annual/2004	868	(868)	-	-
HS annual/2002	1,084	(1,084)	-	-
HS annual/2003	4,998	(4,998)	-	-
HS annual/2007	-	9,496	6,530	2,966
	<u>128,612</u>	<u>200,344</u>	<u>184,664</u>	<u>144,292</u>
Total	<u>128,612</u>	<u>200,344</u>	<u>184,664</u>	<u>144,292</u>

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	2,807,471	2,435,057	2,218,849	2,146,596
Tuition	476,037	432,390	450,521	539,036
Other	595,340	353,876	287,871	371,978
State sources	3,144,613	3,037,791	2,916,933	2,808,713
Federal sources	256,781	241,466	239,826	245,777
Total revenues	<u>7,280,242</u>	<u>6,500,580</u>	<u>6,114,000</u>	<u>6,112,100</u>
Expenditures:				
Instruction:				
Regular	2,546,190	2,379,427	2,443,073	2,424,608
Special	1,012,515	911,520	1,033,569	1,076,093
Other	742,927	687,808	523,538	531,043
Support services:				
Student	152,211	292,966	266,640	262,857
Instructional staff	333,836	313,084	125,522	120,932
Administration	665,812	562,549	574,249	572,346
Operation and maintenance of plant	503,120	507,324	396,198	415,384
Transportation	269,662	158,180	143,738	162,906
Non-instructional programs	176,273	-	2,782	2,528
Other expenditures:				
Facilities acquisition	34,003	32,923	135,720	38,687
Long-term debt:				
Principal	420,000	395,000	435,246	616,823
Interest and other charges	79,400	96,062	114,037	141,831
AEA flowthrough	213,293	197,357	191,554	195,946
Total expenditures	<u>7,149,242</u>	<u>6,534,200</u>	<u>6,385,866</u>	<u>6,561,984</u>

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

To the Board of Education of
Eldora-New Providence 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 Eldora-New Providence Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 28, 2008. We did not issue an opinion on the Eldora-New Providence School Foundation, which is included in the District's financial statements as a discretely presented component unit, because we were not engaged to and did not audit the Foundation. 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 Eldora-New Providence Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Eldora-New Providence Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Eldora-New Providence Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Eldora-New Providence Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Eldora-New Providence Community School District's financial statements that is more than inconsequential will not be prevented or detected by Eldora-New Providence Community School

District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Eldora-New Providence Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 07-I-A and 07-I-B are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 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.

Eldora-New Providence Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. While we have expressed our conclusions on the District's responses, we did not audit Eldora-New Providence Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Eldora-New Providence Community School District and other parties to whom Eldora-New Providence Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

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

January 28, 2008

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year Ended June 30, 2007

Part I: Findings Related to the Financial Statements:

Significant deficiencies:

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

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

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

Conclusion: Response accepted.

07-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting:

07-II-A Certified Budget: Expenditures for the year ended June 30, 2007, exceeded the amounts budgeted in the non-instructional programs and other expenditures functional areas.

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

District Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

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

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

07-II-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Pat Ryan, Board Member and Athletic Official	Referee fees	\$ 830

The transaction does not appear to represent a conflict of interest since the dollar amount was less than \$2,500.

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

07-II-F Board Minutes: We noted no transactions requiring board approval that had not been approved by the Board.

07-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.

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

07-II-I Certified Annual Report (CAR): The Certified Annual Report was certified timely to the Iowa Department of Education.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year Ended June 30, 2007

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

07-II-J Financial Condition: The District has a General Fund deficit unreserved fund balance of \$310,817, the Capital Projects Fund has a deficit unreserved fund balance of \$58,909 and the Daycare Fund has a deficit net assets balance of \$9,302 at June 30, 2007.

Recommendation: The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

District Response: The Capital Projects Fund deficit is due to the reclassification of note principal paid in a prior year. The deficit will be covered by future local option sales tax collections. The District has made budget cuts and implemented a cash reserve levy to reduce the General Fund deficit. The Daycare Center is a joint effort with the City of Eldora and the City is going to help offset District deficits.

Conclusion: Response accepted.