

OELWEIN COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		4-5
Management's Discussion and Analysis (MD & A)		7-17
Basic Financial Statements:	<u>Exhibit</u>	
District-Wide Financial Statements:		
Statement of Net Assets	A	18
Statement of Activities	B	19-20
Governmental Fund Financial Statements:		
Balance Sheet	C	21
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets	D	22
Statement of Revenues, Expenditures and Changes in Fund Balances	E	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses and Changes in Net Assets	H	26
Statement of Cash Flows	I	27-28
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	29
Statement of Changes in Fiduciary Net Assets	K	30
Notes to Financial Statements		31-44
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		46-47
Notes to Required Supplementary Information - Budgetary Reporting		48
<u>Schedule</u>		
Other Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	49
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	50
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	51-53
Schedule of Revenues by Source and Expenditures by Function-All Governmental Fund Types	4	54
Schedule of Expenditures of Federal Awards	5	55
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		56-57
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		58-59
Schedule of Findings and Questioned Costs		60-61
Staff		62

Oelwein Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u> (Before September 2006 Election)		
James Moeller	President	2008
Dave Lorenzen (Resigned July 2006)	Vice-President	2006
Rick Myott	Board Member	2006
George Harper (Resigned Feb 2006)	Board Member	2006
Tim Conrey	Board Member	2007
Candace King	Board Member	2007
David Eick (Appointed July 2006)	Board Member	2006
Jean Nelson	Board Member	2008
David Schmitt (Appointed Feb 2006)	Board Member	2006
<u>Board of Education</u> (After September 2006 Election)		
James Moeller	President	2008
Candace King	Vice-President	2007
Rick Myott	Board Member	2009
Tim Conrey	Board Member	2007
Jean Nelson	Board Member	2008
David Schmidt	Board Member	2009
Charlene Stocker	Board Member	2009
<u>School Officials</u>		
James Patera	Superintendent	2007
Joan Loew	District Sec/Treas & Business Manager	2007
Wayne Saur	Attorney	Indefinite
Ahlers Law Firm	Attorney	Indefinite

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639
Oelwein, IA 50662
(319)283-1173
Fax (319)283-2799

Independent Auditor's Report

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Oelwein Community School District as of 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 September 27, 2007 on our consideration of the Oelwein Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with 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 7 through 17 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which

consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oelwein 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) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, 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.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.
Certified Public Accounts

September 27, 2007

Oelwein Community School District
Management Discussion and Analysis

Management Discussion and Analysis

Oelwein 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.

Financial Highlights

- The District lowered its tax levy rate from \$16.24 (per thousand of taxable valuation) in FY 06 to \$15.95 for fiscal year 07. This was due in a large part to the reduction in the management fund levy.
- General Fund revenues increased from \$11,658,765 in fiscal year 2006 to \$12,357,569 in fiscal year 2007, while General Fund expenditures increased from \$11,456,351 in fiscal 2006 to \$12,162,702 in fiscal year 2007.
- The citizens of Fayette County approved an extension of the Local Option Sales and Service Tax (LOSST) on April 3, 2007. From the results of this election, LOSST will continue until December 31, 2022. Revenues were committed to building infrastructure needs. Buchanan County citizens approved an extension on April 4, 2006, thus both Fayette and Buchanan County LOSST will continue until December 31, 2022 as allowed by law.
- The District let bids for a new Regional Academy for Math and Science April 12, 2007. Construction costs were higher than estimated, therefore, modified plans were re-bid in July 2007. The Regional Academy is a cooperative endeavor of Northeast Iowa Community College, Oelwein Chamber & Area Development, City of Oelwein and Oelwein CSD.
- The joint effort of the District and the Oelwein Booster Club fundraising campaign for the new all weather track succeeded in raising needed funds. The track was bid in Fall 2007.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates *like businesses*, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

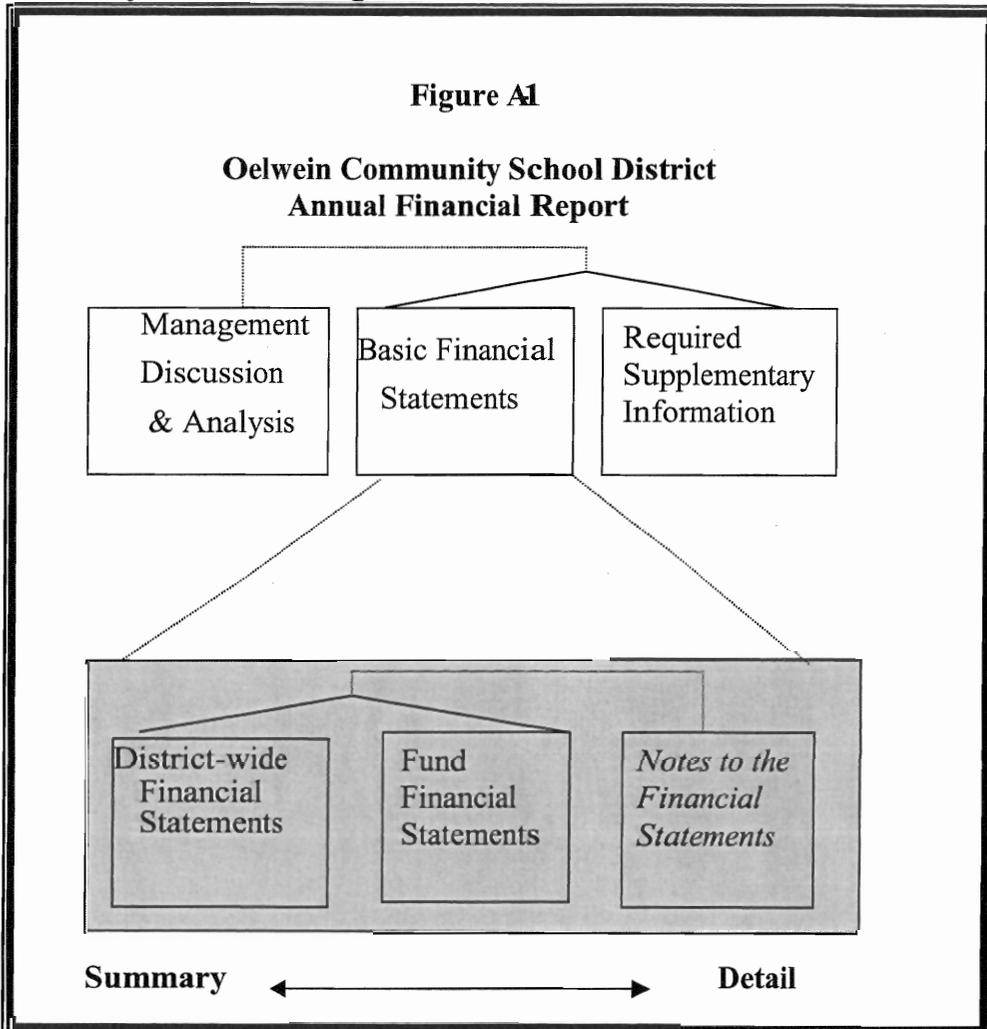


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

Figure A-2: Major Features of the District-Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
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, expenditures, and changes in fund balances • 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 focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

The District-wide statements report information about the district as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

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

- *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 District-wide 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. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets. Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2006 and June 30, 2007.

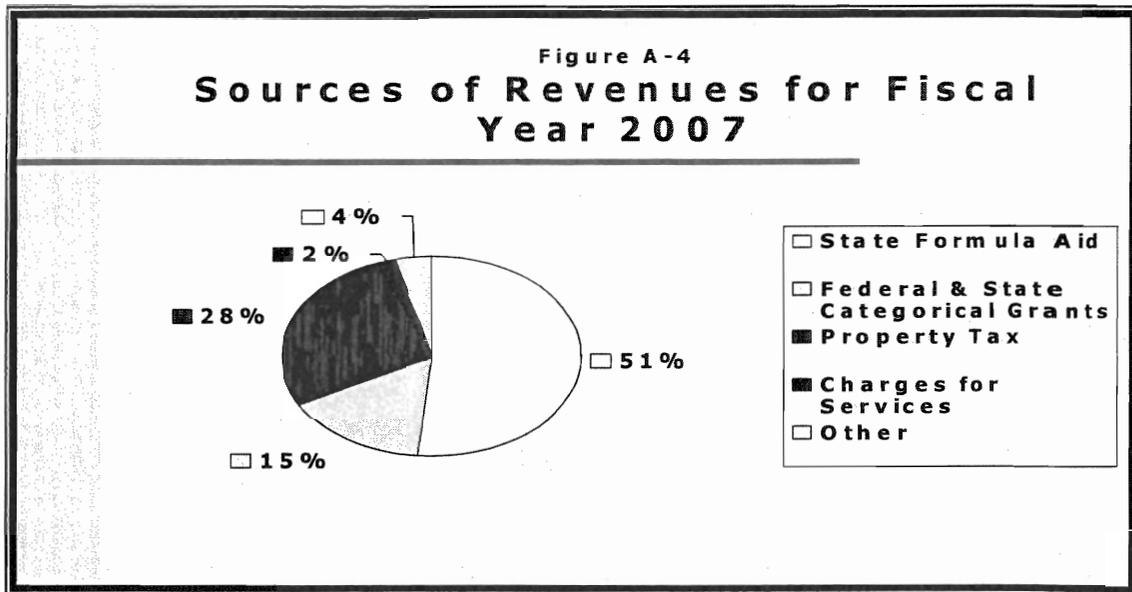
Figure A-3

Condensed Statement of Net Assets (in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current and other assets	\$ 8,562	\$8,815	\$161	\$124	8,723	\$ 8,939
Capital assets	11,091	10,985	61	50	11,152	11,035
Total assets	\$19,653	\$19,800	\$222	\$174	\$19,875	\$19,974
Long-term debt outstanding	3,895	3,241	-	-	3,895	3,241
Other liabilities	5,174	5,072	5	4	5,179	5,076
Total liabilities	9,069	8,313	5	4	9,074	8,317
Net assets						
Invested in capital assets, net of related debt	7,196	7,705	61	50	7,257	7,754
Restricted	1,939	2,210	-	-	1,939	2,213
Unrestricted	1,448	1,572	156	119	1,604	1,689
Total net assets	\$10,583	\$11,487	\$217	\$169	\$10,800	\$11,656

Note: totals may not add due to rounding.

General Fund revenues increased in FY 2007 over FY 2006. State foundation formula aid increased due to 4% allowable growth. (Figure A-4)



All categories increased expenditures in FY 07 over FY 06. Instruction percentage grew from 67% to 71 % of total expenditures.(Figure A-5)

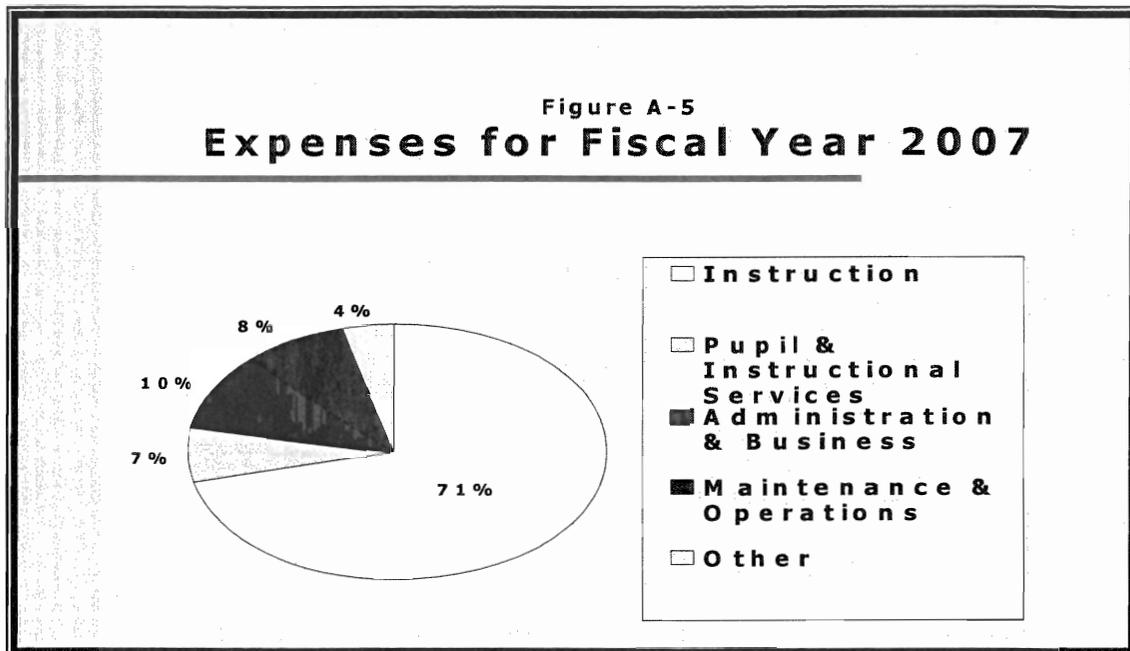


Figure A- 6 presents the cost of six major district activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other as compared to FY 2006 costs. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-6		
Net Cost of Governmental Activities		
	Total Cost of Services	Total Cost Of Services
	<u>2006</u>	<u>2007</u>
Instruction	8,757,243	9,670,056
Pupil & Instructional Services	564,891	534,242
Administrative & Business	1,248,107	1,297,704
Maintenance & operations	1,094,653	1,075,856
Transportation	355,451	484,212
Other	682,348	647,773
Total	12,702,693	13,709,843

Note: totals may not add due to rounding.

- The cost of all governmental activities this year was \$13,709,843.
- The users of the District's programs financed some of the cost.
- The Federal government subsidized certain programs with grants and contributions of \$598,627. The non-federal portion of governmental activities was financed with property tax, state aid based on the statewide finance formula and the remainder with state grants, contributions, tuitions and other revenues.
- Most of the District's costs, however, were financed by District and state taxpayers.

Business-Type Activities

Revenues of the District's business-type activities were \$640,517 and expenses were \$688,314. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

As previously noted, the Oelwein Community Schools 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 combined fund balances of \$3,782,363 an increase over last year's ending fund balances of \$3,438,922. The majority of the combined fund balance increase was in the non-major funds which include, Physical Plant and Equipment Fund, Management Fund and the Activity Fund which collected funds for the new track, additionally, smaller increased balances were in the General Fund and Capital Projects Fund.

Governmental Fund Highlights

The District's improving General Fund financial position is the product of many factors. Both revenues and expenses increased over the previous year, however, the District's General Fund revenues exceeded total expenses and this resulted in an increase in the General Fund balance from \$1,499,542 to \$1,570,259.

The Capital Projects Fund balance increased due to an increase in the local option sales tax revenues received, the District ended fiscal 2007 with a balance of \$1,046,539 compared to a fiscal 2006 balance of \$988,218. Half of these revenues are spent to pay down existing debt with the other half committed to the repayment of the revenue bonds.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$216,977 at June 30, 2006, to \$169,180 representing a decrease of \$47,797.

Budgetary Highlights

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

Legal Budgetary Highlights

The District's total actual receipts were approximately \$212,481 more than the total budgeted receipts. The most significant change resulted in the District receiving more funds from various components of local sources than originally anticipated.

Total expenditures were \$1,440,735 less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should not exceed the actual expenditures during the year. Overall, District expenditures did not exceed the certified budget, although in the total Other Expenditures functional category the budget was exceeded by \$71,131 due to the Regional Academy for Math and Science technology purchases and architectural expenses.

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal 2007, the District had invested in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-7) Total depreciation expense for the year was \$519,239.

Figure A-7

Capital Assets (net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
	Land	879	879			879
Buildings	9,384	9,215			9,384	9,215
Equipment & Furniture	828	891	61	49	889	940
Total	11,091	10,985	61	49	11,152	11,034

Note: totals may not add due to rounding.

Long-Term Debt

At year-end, the District had \$3,240,963 in general obligation bonds, sales tax revenue bonds, and other long-term debt outstanding. This represents a decrease from the previous fiscal year as can be seen in Figure A-8 below. More detailed information about the District's long-term liabilities is available in the notes to the financial statements.

Figure A-8

Outstanding Long-Term Debt (expressed in thousands)

	Total School District	
	<u>2006</u>	<u>2007</u>
General obligation bonds	\$ 1,320	\$ 1,055
Notes Payable	675	496
Revenue Bonds	1,900	1,690
Total	\$ 3,895	\$ 3,241

In March 2000 the District's voters authorized the issuance of \$2,500,000 in general obligation bonds to pay for construction of The Little Husky Learning Center and additions and improvements to Parkside Elementary and classroom additions at the High School, the bonds were sold during fiscal 2000. The District had total outstanding general obligation bonded indebtedness at June 30, 2007 of \$1,055,000. On July 7, 2005, the district sold \$1,900,000 in revenue bonds to pay for the geothermal system at the High School. The District has total outstanding revenue bonded indebtedness at June 30, 2007 of \$1,690,000.

As of June 30, 2007 the District did not exceed its legal debt margin.

Factors Bearing on the District's Future

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

- A Board approved five year Instructional Support Levy of 7% of the Regular District Program Costs was approved September 17, 2007. This levy is a mix of property tax and 6% income surtax. Funds from ISL have been instrumental in funding the technology, curriculum, and professional development needs of the District.
- Enrollment stability is a critical element in maintaining a sound financial foundation. District enrollment in fiscal year 2007-2008 remained stable with a budgeted enrollment of approximately 1416 students. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments.
- Growth in employee wages and benefits has consistently outpaced state funding to schools. The District continually reevaluates future estimates of enrollment to determine the financial impact. Salary and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact upon the District's General Fund budget.
- A joint campaign with Board of Education and the Oelwein Booster Club raised over \$300,000 for a new all-weather track. District Physical Plant and Equipment funds, in addition to these donated funds, allowed the District to let bids for a new all-weather track and drainage improvement project. This project is anticipated to be completed during the Spring 2008.
- The Board of Education voted to approve a resolution designating Wings Park Elementary School a Qualified Zone Academy. This designation allows for District participation in the Qualified Zone Academy Bond program in cooperation with a local financial institution. Financing will be used for infrastructure improvements at Wings Park Elementary. The District plans include a geothermal retrofit at Wings Park Elementary.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Joan Loew, Business Manager, Oelwein Community School District, 307 Eighth Avenue S.E., Oelwein, IA 50662.

OELWEIN COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

Oelwein Community School District
Statement of Net Assets
June 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents:			
ISCAP (note 5)	\$ -	-	-
Other	4,750,899	106,035	4,856,934
Receivables:			
Property tax:			
Delinquent	76,545	-	76,545
Succeeding year	3,765,535	-	3,765,535
Accrued interest:			
ISCAP (note 5)	-	-	-
Other	-	-	-
Due from other governments	221,818	2,976	224,794
Inventories	-	14,952	14,952
Capital assets, net of accumulated depreciation (note 6)	10,985,223	49,607	11,034,830
Total assets	19,800,020	173,570	19,973,590
Liabilities			
Accounts payable	49,959	4,390	54,349
Salaries and benefits payable	1,198,995	-	1,198,995
Accrued interest payable	39,566	-	39,566
Deferred revenue-succeeding year property tax	3,765,535	-	3,765,535
Deferred revenue-other	17,945	-	17,945
ISCAP warrants payable (note 5)	-	-	-
ISCAP accrued interest payable (note 5)	-	-	-
Long-term liabilities (note 7):			
Portion due within one year:			
Bonds payable	275,000	-	275,000
Revenue bonds payable	215,000	-	215,000
Notes Payable	160,008	-	160,008
Portion due after one year:			
Bonds payable	780,000	-	780,000
Revenue bonds payable	1,475,000	-	1,475,000
Notes Payable	335,955	-	335,955
Total Liabilities	8,312,963	4,390	8,317,353
Net Assets			
Invested in net assets, net of related debt	7,704,694	49,607	7,754,301
Restricted for:			
Debt service	4,031	-	4,031
Bond sinking funds	447,699	-	447,699
Capital projects	850,022	-	850,022
Management levy	104,268	-	104,268
Physical plant and equipment levy	372,322	-	372,322
Other special revenues purposes	433,762	-	433,762
Unrestricted	1,570,259	119,573	1,689,832
Total net assets	\$ 11,487,057	169,180	11,656,237

See notes to financial statements

Oelwein Community School District
Statement of Activities
Year ended June 30, 2007

	Program Revenues	
	Charges for Service	Operating grants, Contributions and Restricted Interest
Expenses		
Functions/Programs		
Governmental activities:		
Instruction:		
Regular instruction	6,059,062	-
Special instruction	2,354,613	-
Other instruction	1,256,381	-
	<u>9,670,056</u>	<u>-</u>
Support services:		
Student services	304,482	-
Instructional staff services	229,760	-
Administration services	321,613	-
School Administration	702,930	-
Business	273,161	-
Operation and maintenance of plant services	1,075,856	-
Transportation services	484,212	-
	<u>3,392,014</u>	<u>-</u>
Non-instructional programs	-	-
Other expenditures:		
Long-term debt interest	153,447	-
AEA flowthrough	494,326	494,326
	<u>647,773</u>	<u>494,326</u>
Total governmental activities	13,709,843	494,326
Business-Type activities:		
Non-instructional programs:		
Nutrition services	688,314	263,117
	<u>688,314</u>	<u>263,117</u>
Total	<u>14,398,157</u>	<u>871,726</u>
General Revenues:		
Property tax levied for:		
General purposes		
Debt service		
Special revenue		
Tuition		
Unrestricted state grants		
Federal grants		
Other		
Total general revenues		
Change in net assets		
Net assets beginning of year.		
Net assets end of year		

See notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type activities	Total
(6,059,062)	-	(6,059,062)
(2,354,613)	-	(2,354,613)
(1,256,381)	-	(1,256,381)
(9,670,056)	-	(9,670,056)
-	-	-
(304,482)	-	(304,482)
(229,760)	-	(229,760)
(321,613)	-	(321,613)
(702,930)	-	(702,930)
(273,161)	-	(273,161)
(1,075,856)	-	(1,075,856)
(484,212)	-	(484,212)
(3,392,014)	-	(3,392,014)
-	-	-
(153,447)	-	(153,447)
(153,447)	-	(153,447)
(13,215,517)	-	(13,215,517)
-	(47,797)	(47,797)
(13,215,517)	(47,797)	(13,263,314)
5,107,804	-	5,107,804
-	-	-
588,774	-	588,774
219,104	-	219,104
7,605,094	-	7,605,094
598,627	-	598,627
14,119,403	-	14,119,403
903,886	(47,797)	856,089
10,583,171	216,977	10,800,148
11,487,057	169,180	11,656,237

See notes to financial statements

Oelwein Community School District

Balance Sheet
Governmental Funds

June 30, 2007

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments:					
ISCAP (note 5)	\$ -	-	-	-	-
Other	2,416,062	255,213	1,008,945	1,070,679	4,750,899
Receivables:					
Property tax:					
Delinquent	64,702	-	-	11,843	76,545
Succeeding year	3,209,705	-	-	555,830	3,765,535
Due from other governments	176,724	-	45,094	-	221,818
Accrued interest-ISCAP (note 5)	-	-	-	-	-
Total assets	5,867,193	255,213	1,054,039	1,638,352	8,814,797
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	42,459	-	7,500	-	49,959
Salaries and benefits payable	1,026,825	-	-	172,170	1,198,995
ISCAP warrants payable (note 5)	-	-	-	-	-
ISCAP accrued interest payable (note 5)	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	3,209,705	-	-	555,830	3,765,535
Other	17,945	-	-	-	17,945
Total liabilities	4,296,934	-	7,500	728,000	5,032,434
Fund balances:					
Reserved for:					
Debt service	-	4,031	-	-	4,031
Bond sinking fund	-	251,182	196,517	-	447,699
Capital projects	-	-	850,022	-	850,022
Unreserved	1,570,259	-	-	910,352	2,480,611
Total fund balances	1,570,259	255,213	1,046,539	910,352	3,782,363
Total liabilities and fund balances	\$ 5,867,193	255,213	1,054,039	1,638,352	8,814,797

See notes to financial statements

Oelwein 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 (page 21)	\$ 3,782,363
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	10,985,223
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.	(39,566)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,240,963)</u>
Net assets of governmental activities (page 18)	<u><u>\$ 11,487,057</u></u>

See notes to financial statements

Oelwein Community School District
Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year ended June 30, 2007

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$3,466,800	-	849,669	791,335	5,107,804
Tuition	219,104	-	-	-	219,104
Other	468,594	6,017	62,872	550,624	1,088,107
State sources	7,604,444	-	-	650	7,605,094
Federal sources	598,627	-	-	-	598,627
Total revenues	12,357,569	6,017	912,541	1,342,609	14,618,736
Expenditures:					
Current:					
Instruction:					
Regular instruction	5,459,489	-	-	160,462	5,619,951
Special instruction	2,352,908	-	-	-	2,352,908
Other instruction	808,425	-	-	447,956	1,256,381
	8,620,822	-	-	608,418	9,229,240
Support services:					
Student services	304,482	-	-	-	304,482
Instructional staff services	229,760	-	-	-	229,760
General administration services	242,384	-	-	77,506	319,890
School administration	702,930	-	-	-	702,930
Business	273,161	-	-	-	273,161
Operation and maintenance of plant services	1,003,695	-	-	63,309	1,067,004
Transportation services	291,142	-	-	136,572	427,714
	3,047,554	-	-	277,387	3,324,941
Non-instructional programs					
	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	282,743	124,022	406,765
Long-term debt:					
Principal	-	654,653	-	-	654,653
Interest and fiscal charges	-	165,370	-	-	165,370
AEA flowthrough	494,326	-	-	-	494,326
	494,326	820,023	282,743	124,022	1,721,114
Total expenditures	12,162,702	820,023	282,743	1,009,827	14,275,295
Excess (deficiency) OF revenues over (under) expenditures	194,867	(814,006)	629,798	332,782	343,441
Other financing sources (uses):					
Operating transfers in	-	819,599	-	-	819,599
Operating transfers out	(124,150)	-	(571,477)	(123,972)	(819,599)
Total other financing sources (uses)	(124,150)	819,599	(571,477)	(123,972)	-
Net change in fund balances	70,717	5,593	58,321	208,810	343,441
Fund balances beginning of year	1,499,542	249,620	988,218	701,542	3,438,922
Fund balances end of year	\$1,570,259	255,213	1,046,539	910,352	3,782,363

See notes to financial statements

Oelwein 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 (page 23) \$ 343,441

**Amounts reported for governmental activities in the
statement of activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation are as follows:

Capital outlays (net)	401,758	
Depreciation expense	<u>(507,889)</u>	(106,131)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

Issued	-	
Repaid	<u>654,653</u>	654,653

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. The decrease in interest payable over the prior year is an expense decrease in the Statement of Net Assets.

11,923

Change in net assets of governmental activities (page 20)	<u>\$ 903,886</u>
---	-------------------

Oelwein Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2007

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 106,035
Accounts Receivable	2,976
Inventories	14,952
Capital assets, net of accumulated depreciation	<u>49,607</u>
Total assets	<u>173,570</u>
Liabilities	
Accounts payable	<u>4,390</u>
Total liabilities	<u>4,390</u>
Net Assets	
Invested in capital assets, net of related debt	49,607
Unrestricted	<u>119,573</u>
Total net assets	<u><u>\$ 169,180</u></u>

See notes to financial statements

Oelwein Community School District

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

Year ended June 30, 2007

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for service	<u>\$ 263,117</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	325,809
Purchased services	9,341
Supplies	341,814
Depreciation	11,350
Total operating expenses	<u>688,314</u>
Operating loss	<u>(425,197)</u>
Non-operating revenue	
State sources	7,692
Federal sources	367,223
Interest on investments	2,485
Total non-operating revenue	<u>377,400</u>
Change in net assets	(47,797)
Net assets beginning of year	<u>216,977</u>
Net assets end of year	<u>\$ 169,180</u>

See notes to financial statements

Oelwein Community School District

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 263,117
Cash payments to employees for services	(325,809)
Cash payments to suppliers for goods or services	(311,647)
Net cash used in operating activities	<u>(374,339)</u>
Cash flows from non-capital financing sources:	
State grants received	7,692
Federal grants received	325,259
Net cash provided by non-capital financing activities	<u>332,951</u>
Cash flows from investing activities:	
Interest	<u>2,485</u>
Net (decrease) in cash	(38,903)
Cash and cash equivalents at beginning of year	<u>144,938</u>
Cash and cash equivalents at end of year	<u>\$ 106,035</u>

See notes to financial statements

Oelwein Community School District

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2007

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (425,197)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	39,139
Depreciation	11,350
(Increase) in due from other governments	(2,976)
Decrease in inventories	3,833
(Decrease) in accounts payable	(488)
	<u> </u>
Net cash used in operating activities	<u>\$ (374,339)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received \$39,139 of federal commodities.

Oelwein Community School District
Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2007

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash and pooled investments	\$ 15,459
Accrued interest receivable	94
Due from other governments	<u>-</u>
Total assets	<u>15,553</u>
Liabilities	
Accounts payable	-
Due to other governments	<u>-</u>
Total liabilities	<u>-</u>
Net Assets	
Reserved for scholarships	<u><u>\$ 15,553</u></u>

See notes to financial statements

Oelwein Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2007

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Other	\$ -
Interest	750
Total additions	750
 Deductions:	
Support services:	
Scholarships awarded	750
 Change in net assets	-
 Net assets beginning of year	15,553
 Net assets end of year	\$ 15,553

See notes to financial statements

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Oelwein Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses included remedial education as well as vocational and recreational courses. The geographic area served include the Cities of Oelwein, Hazleton, and Stanley, Iowa, and agricultural territory in Fayette and Buchanan 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, Oelwein Community School 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. Oelwein Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but 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 Fayette and Buchanan County Assessor's Conference Boards.

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.

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

B. Basis of Presentation (continued)

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

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

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

B. Basis of Presentation (continued)

The District reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues.

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

C. Measurement Focus and Basis of Accounting (continued)

Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the 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 that 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

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

D. Assets, Liabilities and fund Equity (continued)

Property Tax Receivable (continued)

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 become 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 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

D. Assets, Liabilities and fund Equity (continued)

Capital Assets (continued)

Capital Assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 Years
Improvements other than buildings	20-50 Years
Furniture and equipment	5-15 Years

Salaries and Benefits Payable – Payable and related expenditures for teachers with annual contracts corresponding to the current school year, which is 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred 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 on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation 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 governmental fund financial statements only for employees who 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 obligations – 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.

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

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

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

E. Budgets 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 other expenditures functional area exceeded the amount 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-ended management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

Diversified Portfolio	<u>Amortized Cost</u> <u>\$23,186</u>
-----------------------	--

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) Due From and Due to Other Funds

There were no interfund receivable or payable balances at June 30, 2007.

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$123,972
Debt Service	General	124,150
Debt Service	Capital Projects	<u>571,477</u>
Total		<u>\$891,599</u>

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 Schools 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. NA, 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	Investment	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2007-2008A	6/27/2007	6/27/2008	-	-	-	-

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:

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

(5) Iowa School Cash Anticipation Program (ISCAP) (continued)

	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2006-2007A	\$ -	-	-	-

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-2007A	4.500%	5.676%

The District did not participate in Series 2007-2008A.

(6) Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 879,013	-	-	879,013
Total capital assets not being depreciated	879,013	-	-	879,013
Capital assets being depreciated:				
Buildings	12,734,053	180,006	-	12,914,059
Furniture & equipment	1,965,796	222,071	-	2,187,867
Total capital assets being depreciated	14,699,849	402,077	-	15,101,926
Less accumulated Depreciation for:				
Buildings	3,349,578	349,812	-	3,699,390
Furniture & equipment	1,138,249	158,077	-	1,296,326
Total accumulated depreciation	4,487,827	507,889	-	4,995,716
Total Capital assets being depreciated, net	10,212,022	(105,812)	-	10,106,210
Governmental activities capital assets, net	\$ 11,091,035	(105,812)	-	10,985,223

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

(6) Capital Assets (continued)

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture & Equipment	\$ 159,660	-	-	159,660
Less accumulated depreciation	98,703	11,350	-	110,053
Business-type activities				
Capital assets, net	\$ 60,957	11,350	-	49,607

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular \$ 439,111

Special 1,705

Support Activities

Administration 1,723

Operation and maintenance of plant 8,852

Transportation 56,498

Total governmental activities depreciation expense \$ 507,889

Business-type activities:

Food services \$ 11,350

(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	\$1,320,000	-	265,000	1,055,000	275,000
Revenue bonds	1,900,000	-	210,000	1,690,000	215,000
Notes payable	675,297	-	179,334	495,963	160,008
Total	\$3,895,297	-	654,334	3,240,963	650,008

Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed 20 years of continuous service to the District and must have attained the age of 55 as of August 1 of the year he/she plans to retire. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee consists of \$400 per month for 5 years or 60 payments toward the District health insurance plan of the employees choice and a one time cash award of \$1000. Early retirement benefits paid during the year ended June 30, 2007, totaled \$154,294. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund.

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

(7) Long-Term Liabilities (continued)

GENERAL OBLIGATION SCHOOL BONDS

The Oelwein Community School District received proceeds of \$2,500,000 from the issue of general obligation bonds dated March 1, 2000. This bond issue is being used for the purpose of providing funds to build classroom additions at Oelwein High School and Parkside Elementary School. Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	5.15%	\$ 275,000	55,152	330,152
2009	5.20	290,000	40,990	330,990
2010	5.25	305,000	25,910	330,910
2011	5.35	185,000	9,898	194,898
Total		<u>\$1,055,000</u>	<u>131,950</u>	<u>1,186,950</u>

REVENUE BONDS PAYABLE

Details of the District's June 30, 2007 local option sales and services tax revenue bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	3.05%	\$ 215,000	53,201	268,201
2009	3.15	225,000	46,379	271,379
2010	3.25	230,000	39,098	269,098
2011	3.35	240,000	31,340	271,340
2012	3.40	250,000	23,070	273,070
2013-2014	3.50-3.60	530,000	19,130	549,130
Total		<u>\$1,690,000</u>	<u>212,218</u>	<u>1,902,218</u>

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

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

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

REVENUE BONDS PAYABLE (continued)

- a. \$190,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account
- b. All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d. Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District did comply with all of the provisions during the year ended June 30, 2007.

NOTES PAYABLE – ENERGY MANAGEMENT IMPROVEMENT CAPITAL LOAN NOTE

The Oelwein Community School District received proceeds of \$850,000 from an Energy Management Improvement Capital Loan Note dated June 1, 2000. These note proceeds are being used for a geothermal project at the Oelwein Middle School. Details of the District's June 30, 2007 Energy Management Improvement Capital Loan Note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2008	5.60%	\$105,000	18,650	123,650
2009	5.65	110,000	12,770	122,770
2010	5.70	115,000	6,555	121,555
Total		\$330,000	37,975	367,975

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

NOTES PAYABLE – MAYNARD SAVINGS BANK

The District entered into a loan agreement with Maynard Savings Bank on May 23, 2005 for \$275,000. This loan was used in the Physical Plant and Equipment Levy Fund for stadium renovation. The due date of this loan is May 15, 2010. The interest rate on this loan is 2.90%. The District will make semi-annual principal and interest payments of \$29,725 beginning November 15, 2005. Details of the District's June 30, 2007 indebtedness for this loan at Maynard Savings Bank is as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 55,008	4,442	59,450
2009	56,626	2,824	59,450
2010	54,329	1,152	55,481
Total	<u>\$165,963</u>	<u>8,418</u>	<u>174,381</u>

Total Notes Payable:

Energy Management Improvement Capital Loan Note	\$330,000
Maynard Savings Bank	<u>165,963</u>
Total	<u>\$495,963</u>

(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 contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$435,029, \$405,764, \$397,736, respectively, and were equal to the required contributions for each year.

Oelwein Community School District

Notes to Financial Statements

June 30, 2007

(9) Risk Management

Oelwein Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from the 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 \$494,326 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.

Required Supplementary Information

Oelwein 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 Types Actual	Proprietary Fund Type Actual
Revenues:		
Local sources	6,415,015	265,602
State sources	7,605,094	7,692
Federal sources	598,627	367,223
Total receipts	<u>14,618,736</u>	<u>640,517</u>
Expenditures:		
Instruction	9,229,240	-
Support services	3,324,941	-
Non-instructional programs	-	688,314
Other expenditures	1,721,114	-
Total expenditures	<u>14,275,295</u>	<u>688,314</u>
Excess (deficiency) of revenues over (under) expenditures	343,441	(47,797)
Other financing sources, net	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	343,441	(47,797)
Balances beginning of year	<u>3,438,922</u>	<u>216,977</u>
Balances end of year	<u><u>3,782,363</u></u>	<u><u>169,180</u></u>

See accompanying independent auditor's report

Total Actual	Budgeted Amounts		Final to Actual Variance- Positive Negative
	Original	Final	
6,680,617	6,167,554	6,167,554	513,063
7,612,786	7,879,218	7,879,218	(266,432)
965,850	1,000,000	1,000,000	(34,150)
<u>15,259,253</u>	<u>15,046,772</u>	<u>15,046,772</u>	<u>212,481</u>
9,229,240	9,325,366	9,325,366	96,126
3,324,941	4,469,141	4,469,141	1,144,200
688,314	959,854	959,854	271,540
1,721,114	1,649,983	1,649,983	(71,131)
<u>14,963,609</u>	<u>16,404,344</u>	<u>16,404,344</u>	<u>1,440,735</u>
295,644	(1,357,572)	(1,357,572)	1,653,216
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
295,644	(1,357,572)	(1,357,572)	1,653,216
3,655,899	2,069,080	2,723,372	932,527
<u>3,951,543</u>	<u>711,508</u>	<u>1,365,800</u>	<u>2,585,743</u>

See accompanying independent auditor's report

Oelwein 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 Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a 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 functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures in the other expenditures function exceeded the amount budgeted.

Other Supplementary Information

Oelwein Community School District

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 268,827	433,762	368,090	1,070,679
Receivable:				
Property tax:				
Delinquent	7,611	-	4,232	11,843
Succeeding year	350,000	-	205,830	555,830
Total assets	626,438	433,762	578,152	1,638,352
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	-	-
Salaries and benefits payable	172,170	-	-	172,170
Deferred revenue:				
Succeeding year property tax	350,000	-	205,830	555,830
Total liabilities	522,170	-	205,830	728,000
Fund balances:				
Unreserved fund balances	104,268	433,762	372,322	910,352
Total liabilities and fund balances	\$ 626,438	433,762	578,152	1,638,352

See accompanying independent auditor's report

Oelwein Community School District

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

Year ended June 30, 2007

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 380,088	-	411,247	791,335
Other	15,872	529,224	5,528	550,624
State sources	419	-	231	650
Total revenues	396,379	529,224	417,006	1,342,609
Expenditures:				
Current:				
Instruction:				
Regular instruction	154,294	-	6,168	160,462
Other instruction	-	447,956	-	447,956
Support services:				
Administration services	77,506	-	-	77,506
Transportation	18,660	-	117,912	136,572
Operation and maintenance of plant services	63,309	-	-	63,309
Other expenditures:				
Facilities acquisition	-	-	124,022	124,022
Total expenditures	313,769	447,956	248,102	1,009,827
Excess (deficiency) of revenues over (under) expenditures	82,610	81,268	168,904	332,782
Other financing sources (uses):				
Operating transfers out	-	-	(123,972)	(123,972)
Total other financing sources (uses)	-	-	(123,972)	(123,972)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	82,610	81,268	44,932	208,810
Fund balances beginning of year	21,658	352,494	327,390	701,542
Fund balances end of year	\$ 104,268	433,762	372,322	910,352

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts

Year ended June 30, 2007

	Balance Beginning of Year	Transfers In (Out)	Revenues	Expenditures	Balance End Year
<u>Central Office</u>					
Americorp	\$ -	-	-	-	-
Alternative School	615	-	1,110	770	955
Alternative School Activity	40	-	-	-	40
F.A.S.T.	-	-	-	-	-
Miscellaneous Revolving Receipts	7,097	-	8	-	7,105
District Football	-	-	-	-	-
Elementary Building Account	8,486	-	59,006	51,968	15,524
LHLC Building Account	-	-	-	-	-
K-1 Building Account	5,775	-	8,331	2,018	12,088
Parents As Teachers	-	-	-	-	-
Office Account	1,311	243	16,658	18,212	-
Sports Complex	-	-	-	-	-
Computer Fee	-	-	-	-	-
Husky Hub Center	26,685	-	7,360	19,197	14,848
Transfers-Central Office	-	-	-	-	-
Total	50,009	243	92,473	92,165	50,560
<u>Senior High Activity</u>					
Ag Department	1,684	-	21,509	18,726	4,467
Athletic Equipment	1,459	-	-	-	1,459
General Activities	1,144	(243)	65,596	13,470	53,027
Annual	786	-	12,905	12,227	1,464
Band Club	391	-	16,222	14,203	2,410
Student Council	3,808	-	1,989	4,650	1,147
Distributive Ed. Club	4,022	-	30,531	28,968	5,585
Football Club	3,130	1,965	9,907	10,339	4,663
Band Trip	-	-	45,021	28,629	16,392
Baseball	5,100	-	-	4,941	159
Basketball - Boys	3,600	2	-	3,602	-
Basketball - Girls	3,600	-	-	2,935	665
Bowling Club	-	-	216	-	216
Boys Track	1,000	-	-	556	444
Newspaper Club	2,332	-	2,982	1,118	4,196
Drama Club	7,140	-	-	100	7,040
Vocal Music Club	281	-	8,303	6,669	1,915
Cross Country Club	102	-	400	335	167
Band	4,750	-	-	4,750	-
Baseball Club	1,534	-	4,100	1,877	3,757

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts
 Year ended June 30, 2007

	Balance Beginning of Year	Transfers In (Out)	Revenues	Expenditures	Balance End Year
<u>Senior High Activity (Continued):</u>					
Basketball Club - Boys	2,834	(2)	2,120	4,342	610
Basketball Club - Girls	215	-	4,004	2,744	1,475
Concessions	29,133	(2,000)	39,939	33,272	33,800
Football	9,000	35	-	9,035	-
Cheerleader Club	3,972	-	11,974	15,377	569
Interest Revenue Account	11,003	-	3,174	-	14,177
Golf - Boys	1,100	-	-	1,100	-
Golf - Girls	1,100	-	-	1,079	21
Tournaments	12,072	-	3,609	4,435	11,246
Tournaments-Gates	1	-	12,880	12,880	1
Vocal Music	2,700	-	-	2,586	114
Class of 2007	4,464	-	82	2,232	2,314
Class of 2008	3,249	-	4,291	6,623	917
Class of 2009	17	-	78	-	95
Class of 2010	-	-	77	-	77
Wrestling Club	1,081	-	5,501	5,805	777
Volleyball Club	1,930	-	1,264	1,897	1,297
Softball Club	35	-	705	523	217
Track Club - Boys	1,397	-	2,449	2,483	1,363
Softball	3,150	-	-	2,712	438
Track - Girls	1,000	-	-	819	181
Wrestling	2,500	-	-	2,111	389
Cross Country Track - Girls & Boys	500	-	-	453	47
Tennis - Boys	350	-	-	191	159
Tennis Club-Boys	65	-	509	336	238
Miscellaneous	-	(1,360)	1,360	-	-
Husky Elite Club	31	-	-	-	31
Newspaper	300	-	-	300	-
Speech	1,200	-	-	555	645
Lockers	2,781	-	757	733	2,805
Post Prom	730	-	1,276	558	1,448
Cheerleading	1,100	-	-	1,100	-
F.F.A. Grant	13,210	-	11,996	17,347	7,859
Drama	5,000	-	-	1,632	3,368
Girls Track Club	1,124	-	420	610	934
Academic Decathlon	100	-	-	-	100
Art	32	-	-	-	32
Club Husky	3,239	-	1,922	2,994	2,167
Manufacturing Club	1,450	-	218	299	1,369
Tennis - Girls	350	-	-	185	165
Tennis Club-Girls	150	1,360	-	1,360	150
Volleyball	2,600	-	-	2,240	360
Total	172,128	(243)	330,286	301,043	201,128

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts
 Year ended June 30, 2007

	Balance Beginning of Year	Transfers In (Out)	Revenues	Expenditures	Balance End Year
<u>Middle School Activity</u>					
Track Fund	112,151	-	52,985	8,552	156,584
General Activities	3,435	-	13,413	9,146	7,702
Softball	-	526	-	526	-
Cheerleading	-	-	-	-	-
Drama	-	424	-	424	-
Activity Office	4,977	-	330	369	4,938
Annual	136	-	2,352	2,255	233
Band Club	469	-	887	753	603
Basketball	16	2,174	-	2,190	-
Football	-	2,237	-	2,237	-
Magazine Campaign	-	(9,016)	23,383	14,367	-
Interest Reserve Account	3,724	(768)	3,175	-	6,131
Student Council	1,372	-	-	-	1,372
Student Purchases	3,524	-	6,102	6,827	2,799
Track	-	777	-	777	-
Vocal Music	-	-	-	-	-
Wrestling	-	3,051	-	3,051	-
6-7-8 Club	-	-	1,406	663	743
Band	-	-	-	-	-
Industrial Arts Club	21	-	-	-	21
Baseball	-	-	-	-	-
Vocal Music Club	532	-	2,432	2,016	948
Volleyball	-	595	-	595	-
Total	130,357	-	106,465	54,748	182,074
Total Student Activity	352,494	-	529,224	447,956	433,762

See accompanying independent auditor's report

Oelwein Community School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Fund Types

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 5,107,804	4,687,148	4,865,269	4,419,270
Tuition	219,104	175,839	153,239	101,933
Other	1,088,107	1,292,562	728,266	749,597
State sources	7,605,094	7,317,557	7,131,027	7,145,234
Federal sources	598,627	597,772	574,161	565,064
Total	<u>\$ 14,618,736</u>	<u>14,070,878</u>	<u>13,451,962</u>	<u>12,981,098</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 5,619,951	5,030,023	4,580,817	4,748,953
Special instruction	2,352,908	2,615,288	2,623,279	2,045,139
Other instruction	1,256,381	668,938	590,493	1,255,858
Support services:				
Student services	304,482	337,889	651,403	540,265
Instructional staff services	229,760	227,002	287,483	258,741
Administration services	319,890	316,868	705,929	438,473
School administration	702,930	620,992	622,828	552,707
Business administration	273,161	308,524	334,425	161,158
Operation and maintenance of plant services	1,067,004	1,088,195	1,365,384	869,678
Transportation services	427,714	297,909	249,348	215,082
Non-instructional programs	-	-	7,136	9,423
Other expenditures:				
Facilities acquisition	406,765	2,254,738	359,576	342,648
Long-term debt:				
Principal	654,653	439,156	422,265	443,326
Interest and other charges	165,370	176,011	136,014	157,367
AEA flowthrough	494,326	472,098	471,800	479,662
Total	<u>\$ 14,275,295</u>	<u>14,853,631</u>	<u>13,408,180</u>	<u>12,518,480</u>

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2007

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Donation (non-cash)	10.550	FY07	\$ 38,988
School Nutrition Cluster Programs			
School Breakfast Program	10.553	FY07	63,522
National School Lunch Program	10.555	FY07	244,234
Fresh Fruit & Vegetable Program	10.582	FY07	20,162
Team Nutrition Grant	10.574	FY07	317
			<u>328,235</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY07	368,901
Special Education-Grants to States	84.027	FY07	84,947
Improving Teacher Quality State Grants	84.367	FY07	104,521
Safe and Drug-Free Schools and Communities-State Grants	84.186	FY07	11,117
State Grants for Innovative Programs	84.298	FY07	2,305
Title VIA	84.369	FY07	9,457
Title II C-Vocational Education	84.048	FY07	180
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Medicaid Assistance Program	93.778	FY07	8,733
Total			<u>\$ 957,384</u>

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

Oelwein Community School District

Other Supplementary Information

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639
Oelwein, IA 50662
(319)283-1173
319-283-2799

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
Oelwein 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 Oelwein 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 September 27, 2007. 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 Oelwein 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 Oelwein Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oelwein 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. We noted no 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 Oelwein 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 Oelwein Community School District's financial statements that is more than inconsequential will not be prevented or detected by Oelwein Community School District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oelwein 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 IV of the accompanying Schedule of Findings and Questioned Costs.

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.

Oelwein Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oelwein 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 Oelwein Community School District and other parties to whom Oelwein Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oelwein 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.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.
Certified Public Accountants

September 27, 2007

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639
Oelwein, IA 50662
(319)283-1173
Fax (319)283-2799

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

To the Board of Education of
Oelwein Community School District:

Compliance

We have audited the compliance of Oelwein Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Oelwein Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Oelwein Community School District's management. Our responsibility is to express an opinion on Oelwein Community School District's compliance based on our audit.

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

In our opinion, Oelwein Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Oelwein Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Oelwein Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oelwein Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We noted no deficiencies in internal control over compliance that we consider to be material weaknesses.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We noted no deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We noted no deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses.

Oelwein Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Oelwein 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 Oelwein Community School District and other parties to whom Oelwein Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., .C.
Certified Public Accountants

September 27, 2007

OELWEIN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:

CFDA #84.010 – Title I Grants to Local Educational Agencies
Clustered programs:
CFDA #10.553 School Breakfast Program
CFDA #10.555 National School Lunch Program
CFDA #10.582 Fresh Fruit & Vegetable Program
CFDA #10.574 Team Nutrition Grant
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Oelwein Community School District did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-07 Official Depositories – Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2007.

OELWEIN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

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

IV-B-07 Certified Budget – Expenditures for the year ended June 30, 2007 exceeded the certified budget amount in the other expenditures function.

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

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

Conclusion – Response accepted.

IV-C-07 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-07 Travel Expense – No expenditures of District money for travel expense of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-E-07 Business Transactions – No business transactions between the District and District officials or employees were noted.

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

IV-G-07 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-H-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-I-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-07 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

OELWEIN COMMUNITY SCHOOL DISTRICT

AUDIT STAFF

This audit was performed by:

Gene Fuelling, CPA
David L. Fox, CPA