

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2007

- Prepared By -

Larry Pump, CPA  
117 North Jackson Street  
Charles City, IA 50616-2036  
Telephone (641)257-4222

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**

**TABLE OF CONTENTS**

		<u>PAGE</u>
<u>OFFICIALS</u> . . . . .		1
<u>INDEPENDENT AUDITOR'S REPORT</u> . . . . .		2-3
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u> . . . . .		4-13
 <u>BASIC FINANCIAL STATEMENTS:</u>		
	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets . . . . .	A	14
Statement of Activities . . . . .	B	15-18
Governmental Fund Financial Statements:		
Balance Sheet . . . . .	C	19-20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets . . . . .	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances . . . . .	E	22-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities . . . . .	F	26
Proprietary Fund Financial Statements:		
Statement of Net Assets . . . . .	G	27
Statement of Revenues, Expenses and Changes in Fund Net Assets . . . . .	H	28
Statement of Cash Flows . . . . .	I	29-30
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets . . . . .	J	31
Statement of Changes in Fiduciary Net Assets . . . . .	K	32
Notes to Financial Statements . . . . .		33-44
 <u>REQUIRED SUPPLEMENTARY INFORMATION:</u>		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		45-46
Notes to Required Supplementary Information - Budgetary Reporting		47
 <u>OTHER SUPPLEMENTARY INFORMATION:</u>		
	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet . . . . .	1	48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances . . . . .	2	49

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION - continued

Schedule of Changes in Special Revenue Fund, Student Activity Accounts . . . . .	3	50-51
Schedule of Revenues by Source and Expenditures by Function - All Governmental funds . . . . .	4	52

<u>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</u> . . . . .		53-54
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<u>SCHEDULE OF FINDINGS</u> . . . . .		55-57
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ST. ANSGAR COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2006 Election)</b>		
Allan Stelpflug	President	2006
Karla Smith	Vice-President	2008
Glenn Cimmiyotti	Board Member	2006
Carol Adams	Board Member	2007
Elaine Steinberg	Board Member	2007
Gene Hertel	Board Member	2008
Charlotte Gordon	Board Member	2008
<b>(After September 2006 Election)</b>		
Allan Stelpflug	President	2009
Karla Smith	Vice-President	2008
Carol Adams	Board Member	2007
Elaine Steinberg	Board Member	2007
Gene Hertel	Board Member	2008
Charlotte Gordon	Board Member	2008
Nick Hatten	Board Member	2009
<b>School Officials</b>		
Dwight Widen	Superintendent	June 30, 2007
Lisa Groth	District Secretary/ Treasurer	June 30, 2007
Patrick Rourick	Attorney	June 30, 2007



Larry Pump, CPA  
117 North Jackson Street  
Charles City, IA 50616

E-mail: rlp@fiai.net

(641) 257-4222  
or (641) 228-2812  
Fax (641) 228-1513

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of the  
St. Ansgar Community School District:

I 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 St. Ansgar Community School District, St. Ansgar, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe my audit provides a reasonable basis for my opinions.

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

In accordance with Government Auditing Standards, I have also issued my report dated October 31, 2007 on my consideration of the St. Ansgar Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my 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 my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 45 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Ansgar Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four 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 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Larry Pump".

October 31, 2007

## MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Ansgar 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. I encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2007 FINANCIAL HIGHLIGHTS**

General Fund revenues increased from \$5,470,962 in fiscal 2006 to \$5,814,015 in fiscal 2007, while General Fund expenditures increased from \$5,834,742 in fiscal 2006 to \$6,134,230 in fiscal 2007. The District's General Fund balance decreased from \$(312,513) in fiscal 2006 to \$(631,563) in fiscal 2007.

The increase in General Fund revenues was attributable to an increase in local tax revenues, tuition and state grant revenue in fiscal 2007. The increase in General Fund expenditures was due to increasing instruction salary and benefits.

Declining enrollment is a contributing factor that reduced new money available, coupled with insurance and negotiated contract increases. The District chose not to reduce instructional program areas, but actually did absorb some personnel cost in the maintenance staff areas of the budget.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

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

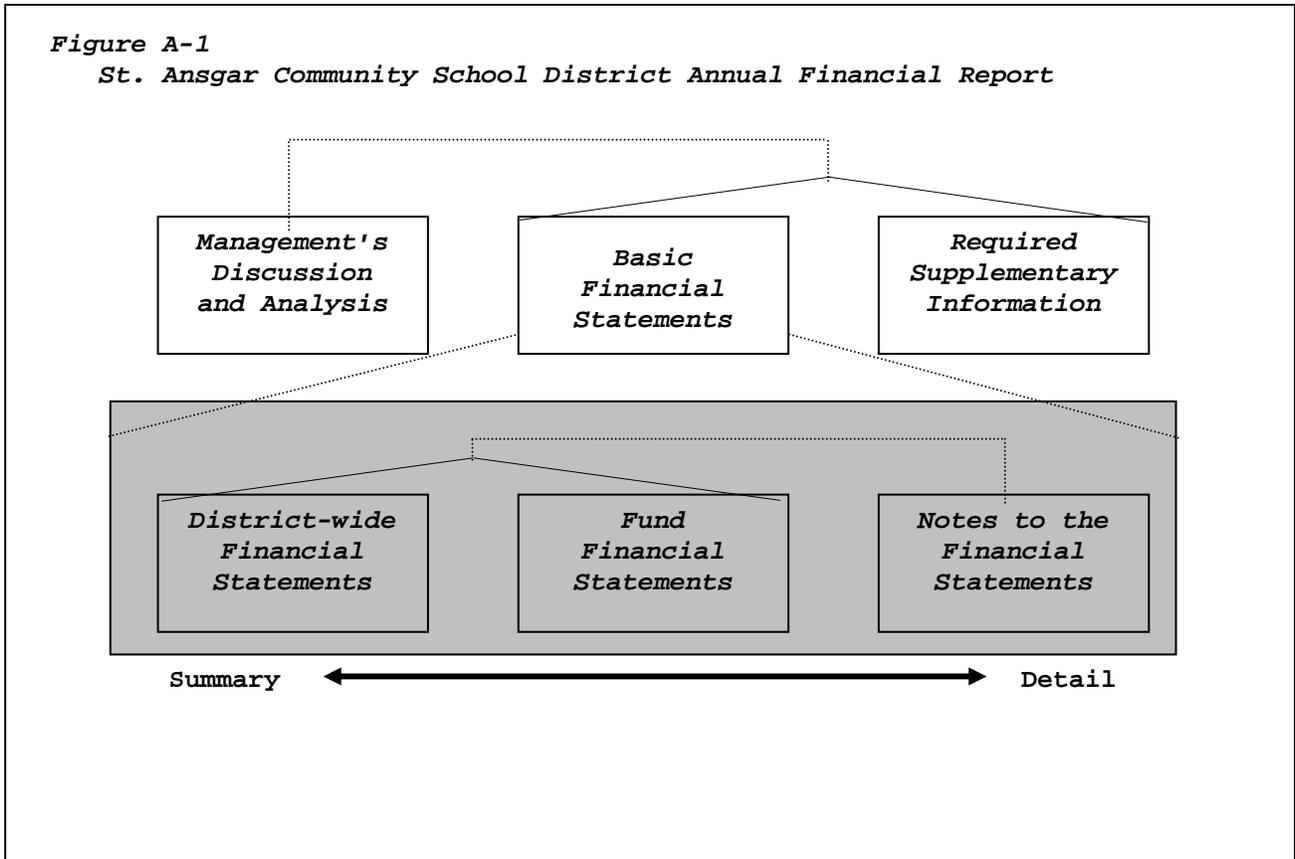


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

*Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

*Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the FFA Farm.

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.
- o Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
  - o Agency Funds - These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts.

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The table below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

<b>Condensed Statement of Net Assets</b>							
(Expressed in Thousands)							
	<u>Governmental</u>		<u>Business type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		<u>District</u>		<u>Change</u>
	<u>June 30,</u>		<u>June 30,</u>		<u>June 30,</u>		<u>June 30,</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007 - 2006</u>
Current and other assets	\$ 6,236	\$ 5,626	\$ 42	\$ 17	\$ 6,278	\$ 5,643	11%
Capital assets	3,533	3,359	9	11	3,542	3,370	5
Total assets	<u>\$ 9,769</u>	<u>\$ 8,985</u>	<u>\$ 51</u>	<u>\$ 28</u>	<u>\$ 9,820</u>	<u>\$ 9,013</u>	<u>9%</u>
Long-term liabilities	\$ 2,132	\$ 2,185	\$ -	\$ -	\$ 2,132	\$ 2,185	(2)%
Other liabilities	5,838	5,181	1	2	5,839	5,183	13%
Total liabilities	<u>\$ 7,970</u>	<u>\$ 7,366</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 7,971</u>	<u>\$ 7,368</u>	<u>8%</u>
Net assets:							
Invested in capital assets, net of related debt	\$ 1,558	\$ 1,174	\$ 9	\$ 11	\$ 1,567	\$ 1,185	32%
Restricted	398	287	-	-	398	287	39%
Unrestricted	<u>(157)</u>	<u>158</u>	<u>41</u>	<u>15</u>	<u>(116)</u>	<u>173</u>	<u>167%</u>
Total net assets	<u>\$ 1,799</u>	<u>\$ 1,619</u>	<u>\$ 50</u>	<u>\$ 26</u>	<u>\$ 1,849</u>	<u>\$ 1,645</u>	<u>12%</u>

The District's combined net assets increased by 12%, or approximately \$204,000, compared to the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$111,000, or 39% over the prior year. The increase was primarily a result of the deferral of spending monies in lieu of a future project.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$289,000, or 167%. The decrease in unrestricted net assets was a result of the District's increased expenditures for the fiscal year.

The table below shows the changes in net assets for the year ended June 30, 2007 compared to the year ended June 30, 2006.

	<b>Changes in Net Assets</b>							
	(Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	2007	2006	2007	2006	2007	2006	2006-2007	
<b>Revenues:</b>								
Program revenues:								
Charges for service	\$ 502	\$ 504	\$ 220	\$ 205	\$ 722	\$ 709		2%
Operating grants, contributions and restricted interest	912	831	118	116	1,030	947		9%
Capital grants, contributions and restricted interest	125	-	-	-	125	-		100%
General Revenues:								
Property tax	2,914	2,785	-	-	2,914	2,785		5%
Local option sales and service tax	413	361	-	-	413	361		14%
Unrestricted state grants	2,402	2,299	-	-	2,402	2,299		5%
Unrestricted Investment earnings	122	62	1	-	123	62		98%
Other	5	93	-	-	5	93		(95)%
Total revenues	<u>\$7,395</u>	<u>\$6,935</u>	<u>\$ 339</u>	<u>\$ 321</u>	<u>\$7,734</u>	<u>\$7,256</u>		<u>7%</u>
<b>Program expenses:</b>								
Governmental activities:								
Instruction	\$4,499	\$4,300	\$ -	\$ -	\$4,499	\$4,300		5%
Support services	1,902	1,826	-	-	1,902	1,826		4%
Non-instructional programs	8	2	316	321	324	323		-%
Other expenses	806	827	-	-	806	827		(3)%
Total expenses	<u>\$7,215</u>	<u>\$6,955</u>	<u>\$ 316</u>	<u>\$ 321</u>	<u>\$7,531</u>	<u>\$7,276</u>		<u>4%</u>
Change in net assets	<u>\$ 180</u>	<u>\$ (20)</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 203</u>	<u>\$ (20)</u>		<u>1,115%</u>

Property tax and unrestricted state grants account for 72% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 89% of the total expenses.

#### **Governmental Activities**

Revenues for governmental activities were \$7,395,185 and expenses were \$7,215,248. In a difficult budget year, the District worked towards balancing the budget by trimming expenses to match available limited revenues.

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

<b>Total and Net Cost of Governmental Activities</b>						
(Expressed in Thousands)						
	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	2007	2006	Change 2006-2007	2007	2006	Change 2006-2007
Instruction	\$4,499	\$4,300	5%	\$3,312	\$3,178	4%
Support services	1,902	1,826	4%	1,902	1,825	4%
Non-instructional programs	8	2	300%	8	2	300%
Other expenses	<u>806</u>	<u>827</u>	<u>(3)%</u>	<u>455</u>	<u>615</u>	<u>(26)%</u>
<b>Total</b>	<u>\$7,215</u>	<u>\$6,955</u>	<u>4%</u>	<u>\$5,677</u>	<u>\$5,620</u>	<u>1%</u>

The cost financed by users of the District's programs was \$501,777.

Federal and state governments subsidized certain programs with grants and contributions totaling \$911,649.

The net cost of governmental activities was financed with \$3,326,800 in property and other taxes and \$2,402,142 in unrestricted state grants.

#### **Business Type Activities**

Revenues for business type activities were \$339,026 and expenses were \$315,677. The District's business type activities include the School Nutrition Fund and FFA Farm. Revenues of these activities were comprised of charges for service, federal and state reimbursements, crop sales and investment income.

#### **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,798,449, slightly above last year's ending fund balances of \$1,618,512.

#### **Governmental Fund Highlights**

The District's deteriorating General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues. However, the increase in revenues was more than offset by the District's increase in General Fund expenditures.

The General Fund balance decreased from \$(312,513) to \$(631,563) because of increases in certified instructional staff and building administrative staff. Declining enrollment is a contributing factor that reduced new money available, coupled with insurance and negotiated contract increases.

The Capital Projects Fund balance increased due to local option sales tax receipts during the fiscal 2007. The District ended fiscal 2007 with a fund balance of \$576,404, above last years ending fund balance of \$409,212.

**Proprietary Fund Highlights**

Enterprise Fund net assets increased from \$26,263 at June 30, 2006 to \$49,612 at June 30, 2007, representing an increase of approximately 89%.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the St. Ansgar Community School District amended its annual budget one time to purchase new buses, increased revenues and expenditures in the hot lunch program budget, transportation, facilities improvements and energy conservation.

The District's receipts were \$390,180 more than budgeted receipts, a variance of 5%. The most significant variance resulted from the District receiving more in local taxes than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for support services and noninstructional programs.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2007, the District had invested \$3,542,199, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-3) This represents a net increase of 5% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$192,799.

The original cost of the District's capital assets was \$8,532,799. Governmental funds account for \$8,445,209, with the remainder of \$87,590 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category.

Figure A-3  
Capital Assets, net of Depreciation  
(expressed in thousands)

	Governmental Activities		Business type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2007	2006	2007	2006	2007	2006	2006	2007
Land	\$ 105	\$ 66	\$ -	\$ -	\$ 105	\$ 66	59%	
Buildings and improvements	3,022	3,007	-	-	3,022	3,007	1%	
Furniture and equipment	406	286	9	11	415	297	40%	
Total	<u>\$3,533</u>	<u>\$3,359</u>	<u>\$ 9</u>	<u>\$ 11</u>	<u>\$3,542</u>	<u>\$3,370</u>	<u>5%</u>	

**Long-Term Debt**

At June 30, 2007, the District had \$2,131,896 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 2% from last year. (See Figure A-4) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-4  
 Outstanding Long-Term Obligations  
 (expressed in thousands)

	Total District		Total Change
	June 30,		June 30,
	2007	2006	2006-2007
Early retirement	\$ 157	\$ -	100%
General obligation bonds	1,975	2,185	10
Total	<u>\$ 2,132</u>	<u>\$ 2,185</u>	<u>(2)%</u>

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

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

The District levied a \$577,772 Cash Reserve Levy for fiscal 2008 to help increase the General Fund balance and to fund the District's unspent balance.

Fiscal 2007 was the second year of a three-year contract with the St. Ansgar Education Association. Future settlements and continued minimal allowable growth in state funding may have an adverse effect on the District's General Fund budget and related fund balance. The District took significant actions to decrease expenditures for the 2007-08 school year. The District reduced 3.125 full-time equivalent of teaching staff as well as one full-time administrator. The District also re-structured the Alternative School program to reduce expenditures. These reductions were necessary due to declining enrollment in the District and increased utility expenses. Further reductions will be necessary if enrollment continues to decline. The District will also explore sharing opportunities but does not have plans to whole grade share or reorganize at this time.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Groth, District Secretary, St. Ansgar Community School District, St. Ansgar, Iowa, 50472.

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2007**

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and investments	\$ 1,132,722	\$ 36,117	\$ 1,168,839
Receivables:			
Property tax:			
Delinquent	33,299	-	33,299
Succeeding year	2,895,505	-	2,895,505
Income surtax	217,833	-	217,833
Accounts	-	206	206
Accrued interest - ISCAP	12,977	-	12,977
Due from other governments	145,708	-	145,708
Inventories	5,234	4,894	10,128
Restricted ISCAP investments (Note 3)	1,792,171	-	1,792,171
Capital assets, net of accumulated depreciation	<u>3,532,863</u>	<u>9,336</u>	<u>3,542,199</u>
<b>Total assets</b>	<b><u>\$ 9,768,312</u></b>	<b><u>\$ 50,553</u></b>	<b><u>\$ 9,818,865</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 282,751	\$ 235	\$ 282,986
Salaries and benefits payable	622,307	157	622,464
ISCAP warrants payable (Note 3)	1,796,000	-	1,796,000
ISCAP accrued interest payable	23,571	-	23,571
Deferred revenue:			
Succeeding year property tax	2,895,505	-	2,895,505
Other	217,833	549	218,382
Long term liabilities:			
Portion due within one year:			
General obligation bonds payable	215,000	-	215,000
Portion due after one year:			
Early retirement	156,896	-	156,896
General obligation bonds payable	<u>1,760,000</u>	<u>-</u>	<u>1,760,000</u>
<b>Total liabilities</b>	<b><u>\$ 7,969,863</u></b>	<b><u>\$ 941</u></b>	<b><u>\$ 7,970,804</u></b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	\$ 1,557,863	\$ 9,336	\$ 1,567,199
Restricted for:			
Management levy	110,136	-	110,136
Physical plant and equipment levy	218,420	-	218,420
Other special revenue purposes	69,191	-	69,191
Unrestricted	<u>(157,161)</u>	<u>40,276</u>	<u>(116,885)</u>
<b>Total net assets</b>	<b><u>\$ 1,798,449</u></b>	<b><u>\$ 49,612</u></b>	<b><u>\$ 1,848,061</u></b>

See Notes to Financial Statements.

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Statement of Activities**  
**Year ended June 30, 2007**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
<b>Functions/Programs</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$3,188,377	\$ 139,087	\$ 685,083	\$ -
Special instruction	717,157	88,081	-	-
Other instruction	593,694	274,609	-	-
	<u>\$4,499,228</u>	<u>\$ 501,777</u>	<u>\$ 685,083</u>	<u>\$ -</u>
Support services:				
Student services	\$ 127,565	\$ -	\$ -	\$ -
Instructional staff Services	209,929	-	-	-
Administration Services	746,539	-	-	-
Operation and maintenance of plant services	451,359	-	-	-
Transportation services	366,153	-	-	-
	<u>\$1,901,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-instructional programs	\$ 8,400	\$ -	\$ -	\$ -
Other expenditures:				
Facilities acquisition	\$ 327,064	\$ -	\$ -	\$ 125,000
Long-term debt interest	61,342	-	-	-
AEA flowthrough	226,566	-	226,566	-
Depreciation(unallocated)*	191,103	-	-	-
	<u>\$ 806,075</u>	<u>\$ -</u>	<u>\$ 226,566</u>	<u>\$ 125,000</u>
Total governmental activities	<u>\$7,215,248</u>	<u>\$ 501,777</u>	<u>\$ 911,649</u>	<u>\$ 125,000</u>
Business type activities:				
Non-instructional programs:				
Food service operations	\$ 315,344	\$ 212,244	\$ 117,933	\$ -
FFA Farm	333	8,126	-	-
Total business type activities	<u>\$ 315,677</u>	<u>\$ 220,370</u>	<u>\$ 117,933</u>	<u>\$ -</u>
Total	<u>\$7,530,925</u>	<u>\$ 722,147</u>	<u>\$ 1,029,582</u>	<u>\$ 125,000</u>

\*This amount excludes the depreciation included in the direct expense of the various programs.

(Continued)

**Net (Expense) Revenue  
And Changes in Net Assets**

---

<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
\$ (2,364,207)	\$ -	\$ (2,364,207)
(629,076)	-	(629,076)
(319,085)	-	(319,085)
<u>\$ (3,312,368)</u>	<u>\$ -</u>	<u>\$ (3,312,368)</u>
\$ (127,565)	\$ -	\$ (127,565)
(209,929)	-	(209,929)
(746,539)	-	(746,539)
(451,359)	-	(451,359)
(366,153)	-	(366,153)
<u>\$ (1,901,545)</u>	<u>\$ -</u>	<u>\$ (1,901,545)</u>
<u>\$ (8,400)</u>	<u>\$ -</u>	<u>\$ (8,400)</u>
\$ (202,064)	\$ -	\$ (202,064)
(61,342)	-	(61,342)
-	-	-
(191,103)	-	(191,103)
<u>\$ (454,509)</u>	<u>\$ -</u>	<u>\$ (454,509)</u>
<u>\$ (5,676,822)</u>	<u>\$ -</u>	<u>\$ (5,676,822)</u>
\$ -	\$ 14,833	\$ 14,833
<u>-</u>	<u>7,793</u>	<u>7,793</u>
<u>\$ -</u>	<u>\$ 22,626</u>	<u>\$ 22,626</u>
<u>\$ (5,676,822)</u>	<u>\$ 22,626</u>	<u>\$ (5,654,196)</u>

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Statement of Activities  
Year ended June 30, 2007

**General Revenues:**

Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Local option sales and services tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net assets

Net assets beginning of year

**Net assets end of year**

*See Notes to Financial Statements.*

**Net (Expense) Revenue  
And Changes in Net Assets**

---

<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
\$ 2,625,852	\$ -	\$ 2,625,852
105,457	-	105,457
182,462	-	182,462
413,029	-	413,029
2,402,142	-	2,402,142
121,981	723	122,704
5,836	-	5,836
<b>\$ 5,856,759</b>	<b>\$ 723</b>	<b>\$ 5,857,482</b>
 \$ 179,937	 \$ 23,349	 \$ 203,286
1,618,512	26,263	1,644,775
<b>\$ 1,798,449</b>	<b>\$ 49,612</b>	<b>\$ 1,848,061</b>

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
 Balance Sheet  
 Governmental Funds  
 June 30, 2007

	<u>General</u>
<b>ASSETS:</b>	
Cash and investments	\$ 52,542
Receivables:	
Property taxes:	
Current year delinquent	28,036
Succeeding year	2,508,573
Income surtax	217,833
Accrued interest - ISCAP	12,977
Due from other governments	116,971
Inventories	5,234
Restricted ISCAP investments (Note 3)	<u>1,792,171</u>
<b>Total assets</b>	<b><u>\$4,734,337</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>	
Liabilities:	
Accounts payable	\$ 278,879
Salaries and benefits payable	541,044
ISCAP warrants payable (Note 3)	1,796,000
ISCAP accrued interest payable	23,571
Deferred revenue:	
Succeeding year property tax	2,508,573
Other	<u>217,833</u>
Total liabilities	<u>\$5,365,900</u>
Fund balances:	
Reserved for debt service	\$ -
Unreserved	(631,563)
Total fund balances	<u>\$ (631,563)</u>
<b>Total liabilities and fund balances</b>	<b><u>\$4,734,337</u></b>

*See Notes to Financial Statements.*

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 550,562	\$ 479,081	\$1,082,185
-	5,263	33,299
-	386,932	2,895,505
-	-	217,833
-	-	12,977
28,737	-	145,708
-	-	5,234
-	-	<u>1,792,171</u>
<b><u>\$ 579,299</u></b>	<b><u>\$ 871,276</u></b>	<b><u>\$6,184,912</u></b>
\$ 2,895	\$ 977	\$ 282,751
-	81,263	622,307
-	-	1,796,000
-	-	23,571
-	386,932	2,895,505
-	-	217,833
<u>\$ 2,895</u>	<u>\$ 469,172</u>	<u>\$5,837,967</u>
\$ -	\$ 4,357	\$ 4,357
576,404	397,747	342,588
<u>\$ 576,404</u>	<u>\$ 402,104</u>	<u>\$ 346,945</u>
<b><u>\$ 579,299</u></b>	<b><u>\$ 871,276</u></b>	<b><u>\$6,184,912</u></b>

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
 Reconciliation of the Balance Sheet - Governmental Funds  
 to the Statement of Net Assets  
 June 30, 2007

<b>Total fund balances of governmental funds (page 20)</b>	\$ 346,945
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,532,863
The Internal Service Funds are used by management to charge the costs of employee health expenses to individual funds. The assets of the Internal Service Funds are reported as assets in the governmental funds.	50,537
Long-term liabilities, including bonds and notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,131,896)</u>
<b>Net assets of governmental activities (page 14)</b>	<b><u>\$ 1,798,449</u></b>

*See Notes to Financial Statements.*

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2007

	<u>General</u>
Revenues:	
Local sources:	
Local tax	\$2,405,821
Tuition	211,470
Other	109,228
State sources	2,955,535
Federal sources	131,961
Total revenues	\$5,814,015
Expenditures:	
Current:	
Instruction:	
Regular	\$3,072,564
Special	717,157
Other	338,617
	\$4,128,338
Support services:	
Student	\$ 127,565
Instructional staff	178,158
Administration	725,809
Operation and maintenance of plant	405,557
Transportation	342,237
	\$1,779,326
Non instructional programs	\$ -
Other expenditures:	
Facilities acquisition	\$ -
Long-term debt:	
Principal	-
Interest and fiscal charges	-
AEA flowthrough	226,566
	\$ 226,566
Total expenditures	\$6,134,230
Excess (deficiency) of revenues over (under) expenditures	\$ (320,215)

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 413,029	\$ 507,950	\$ 3,326,800
-	-	211,470
125,213	299,366	533,807
-	1,458	2,956,993
-	25,000	156,961
<u>\$ 538,242</u>	<u>\$ 833,774</u>	<u>\$ 7,186,031</u>
\$ 16,250	\$ 99,563	\$ 3,188,377
-	-	717,157
-	255,077	593,694
<u>\$ 16,250</u>	<u>\$ 354,640</u>	<u>\$ 4,499,228</u>
\$ -	\$ -	\$ 127,565
29,957	1,814	209,929
-	20,730	746,539
2,853	42,949	451,359
9,995	13,921	366,153
<u>\$ 42,805</u>	<u>\$ 79,414</u>	<u>\$ 1,901,545</u>
\$ -	\$ 1,072	\$ 1,072
\$ 145,995	\$ 181,069	\$ 327,064
-	210,000	210,000
-	61,342	61,342
-	-	226,566
<u>\$ 145,995</u>	<u>\$ 452,411</u>	<u>\$ 824,972</u>
\$ 205,050	\$ 887,537	\$ 7,226,817
\$ 333,192	\$ (53,763)	\$ (40,786)

(Continued)

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2007

	<u>General</u>
Other financing sources (uses):	
Sales of equipment	\$ 1,165
Operating transfer in	-
Operating transfer out	-
	-
Total other financing sources (uses)	\$ 1,165
Net change in fund balances	\$ (319,050)
Fund balances beginning of year	(312,513)
Fund balances end of year	\$ (631,563)

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 1,165
-	166,000	166,000
<u>(166,000)</u>	<u>-</u>	<u>(166,000)</u>
<u>\$ (166,000)</u>	<u>\$ 166,000</u>	<u>\$ 1,165</u>
\$ 167,192	\$ 112,237	\$ (39,621)
<u>409,212</u>	<u>289,867</u>	<u>386,566</u>
<u>\$ 576,404</u>	<u>\$ 402,104</u>	<u>\$ 346,945</u>

*See Notes to Financial Statements.*

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds**  
**to the Statement of Activities**  
**Year ended June 30, 2007**

**Net change in fund balances - total governmental funds** **\$ (39,621)**  
 (page 25)

***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 not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 364,612	
Depreciation expense	<u>(191,103)</u>	173,509

Early retirement liabilities increased long-term liabilities in the Statement of Net Assets. Payment of long-term liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets. Current year liabilities exceeded repayments. (156,896)

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 liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Repaid	210,000
--------	---------

The Internal Service Fund is used by management to charge the costs of employee health expenses to individual funds. The change on the net assets of the Internal Service Fund is reported with governmental activities. (7,055)

**Change in net assets of governmental activities (page 18)** **\$ 179,937**

***See Notes to Financial Statements.***

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Statement of Net Assets  
Proprietary Funds  
June 30, 2007

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>School Nutrition</u>	<u>FFA Farm</u>	<u>Total</u>	<u>Employee Health</u>
<b>ASSETS:</b>				
Cash and investments	\$ 17,895	\$ 18,222	\$ 36,117	\$ 50,537
Accounts receivable	206	-	206	-
Inventories	4,894	-	4,894	-
Capital assets, net of accumulated depreciation	9,336	-	9,336	-
<b>Total assets</b>	<b><u>\$ 32,331</u></b>	<b><u>\$ 18,222</u></b>	<b><u>\$ 50,553</u></b>	<b><u>\$ 50,537</u></b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 235	\$ 235	\$ -
Salaries and benefits payable	157	-	157	-
Deferred revenue	549	-	549	-
<b>Total liabilities</b>	<b><u>\$ 706</u></b>	<b><u>\$ 235</u></b>	<b><u>\$ 941</u></b>	<b><u>\$ -</u></b>
<b>NET ASSETS:</b>				
Invested in capital assets	\$ 9,336	\$ -	\$ 9,336	\$ -
Unrestricted	22,289	17,987	40,276	50,537
<b>Total net assets</b>	<b><u>\$ 31,625</u></b>	<b><u>\$ 17,987</u></b>	<b><u>\$ 49,612</u></b>	<b><u>\$ 50,537</u></b>

*See Notes to Financial Statements.*

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2007**

	<u>Enterprise Funds</u>			<u>Internal</u>
	<u>School</u>	<u>FFA</u>	<u>Total</u>	<u>Service Fund</u>
	<u>Nutrition</u>	<u>Farm</u>		<u>Employee</u>
				<u>Health</u>
Operating revenues:				
Local sources	\$ 212,244	\$ 8,126	\$ 220,370	\$ -
Operating expenses:				
Non-instructional programs:				
Salaries and benefits	\$ 163,963	\$ -	\$ 163,963	\$ -
Purchased services	6,065	98	6,163	7,328
Supplies	143,620	235	143,855	-
Depreciation	1,696	-	1,696	-
Total operating expenses	<u>\$ 315,344</u>	<u>\$ 333</u>	<u>\$ 315,677</u>	<u>\$ 7,328</u>
Operating income (loss)	<u>\$ (103,100)</u>	<u>\$ 7,793</u>	<u>\$ (95,307)</u>	<u>\$ (7,328)</u>
Non-operating revenues:				
Local sources	\$ 723	\$ -	\$ 723	\$ 273
State sources	4,455	-	4,455	-
Federal sources	113,478	-	113,478	-
Total non-operating revenues	<u>\$ 118,656</u>	<u>\$ -</u>	<u>\$ 118,656</u>	<u>\$ 273</u>
Net income (loss)	\$ 15,556	\$ 7,793	\$ 23,349	\$ (7,055)
Net assets beginning of year	<u>16,069</u>	<u>10,194</u>	<u>26,263</u>	<u>57,592</u>
<b>Net assets end of year</b>	<b><u>\$ 31,625</u></b>	<b><u>\$ 17,987</u></b>	<b><u>\$ 49,612</u></b>	<b><u>\$ 50,537</u></b>

*See Notes to Financial Statements.*

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2007**

	<u>Enterprise School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 211,817
Cash paid to employees for services	(164,292)
Cash paid to suppliers for goods or services	(133,640)
Cash received from grain sales	-
Cash payments for medical expenses	-
Net cash provided by (used by) operating activities	<u>\$ (86,115)</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 4,455
Federal grants received	96,941
Net cash provided by non-capital financing activities	<u>\$ 101,396</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 723</u>
Net increase (decrease) in cash and cash equivalents	\$ 16,004
Cash and cash equivalents beginning of year	<u>1,891</u>
Cash and cash equivalents end of year	<u>\$ 17,895</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating income (loss)	\$(103,100)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	16,537
Depreciation	1,696
(Increase) decrease in accounts receivable	239
(Increase) in inventories	(492)
Increase (Decrease) in accounts payable	-
Increase (Decrease) in salaries and benefits payable	(329)
(Decrease) in deferred revenue	<u>(666)</u>
Net cash provided by (used by) operating activities	<u>\$ (86,115)</u>
Non-cash investing, capital and financing activities:	
During the year ended June 30, 2007, the District received \$16,537 of federal commodities.	

***See Notes to Financial Statements.***

<u>Funds</u>		<u>Internal</u>
<u>FFA</u>		<u>Service Fund</u>
<u>Farm</u>	<u>Total</u>	<u>Employee</u>
		<u>Health</u>
\$ -	\$ 211,817	\$ -
-	(164,292)	-
(98)	(133,738)	-
8,126	8,126	-
-	-	(7,328)
<u>\$ 8,028</u>	<u>\$ (78,087)</u>	<u>\$ (7,328)</u>
\$ -	\$ 4,455	\$ -
-	96,941	-
<u>\$ -</u>	<u>\$ 101,396</u>	<u>\$ -</u>
\$ -	\$ -	\$ -
\$ -	\$ 723	\$ 273
\$ 8,028	\$ 24,032	\$ (7,055)
<u>10,194</u>	<u>12,085</u>	<u>57,592</u>
<u>\$ 18,222</u>	<u>\$ 36,117</u>	<u>\$ 50,537</u>
\$ 7,793	\$ (95,307)	\$ (7,328)
-	16,537	-
-	1,696	-
-	239	-
-	(492)	-
235	235	-
-	(329)	-
-	(666)	-
<u>\$ 8,028</u>	<u>\$ (78,087)</u>	<u>\$ (7,328)</u>

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
<b>ASSETS:</b>	
Cash and investments	\$ 156,787
<b>LIABILITIES:</b>	
None	<u>                  -</u>
<b>NET ASSETS:</b>	
Reserved for scholarships	<u>\$ 156,787</u>

*See Notes to Financial Statements.*

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year ended June 30, 2007

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 7,304
Other	32
Total additions	<u>\$ 7,336</u>
Deductions:	
Support services:	
Scholarships awarded	<u>4,600</u>
Change in net assets	\$ 2,736
Net assets beginning of year	<u>154,051</u>
Net assets end of year	<u>\$ 156,787</u>

*See Notes to Financial Statements.*

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

**(1) Summary of Significant Accounting Policies**

The St. Ansgar Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of St. Ansgar, Carpenter, Stacyville and Grafton, Iowa and the predominate agricultural territory in Worth and Mitchell 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, the St. Ansgar Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The St. Ansgar Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Mitchell and Worth County Assessor's Conference Board.

**B. Basis of Presentation**

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

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2007

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

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

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues 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.

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

(1) Summary of Significant Accounting Policies - continued

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

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 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.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

(1) Summary of Significant Accounting Policies - continued

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

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

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

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

(1) Summary of Significant Accounting Policies - continued

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.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

(1) Summary of Significant Accounting Policies - continued

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

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

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

Asset Class	Amount
Land	\$ 500
Buildings	500
Improvements other than buildings	500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

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

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

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

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2007

(1) Summary of Significant Accounting Policies - continued

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 receivable and other receivables not collected within sixty days after year end.

Deferred revenue in 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 that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

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

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

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

(1) **Summary of Significant Accounting Policies** - continued

E. **Budgets and Budgetary Accounting**

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

(2) **Cash and Investments**

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

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

The carrying amount and market value of the District's investments at June 30, 2007 are as follows:

<u>Type</u>	<u>Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Common Stock	1	\$ 14,971	\$ 30,821

(3) **Iowa School Cash Anticipation Program (ISCAP)**

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

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

**(3) Iowa School cash Anticipation Program (ISCAP) - continued**

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2006-07B	1/26/07	1/25/08	\$ 560,121	\$ 12,608	\$ 562,000	\$ 14,101
2007-08A	6/28/07	6/25/08	1,232,050	369	1,234,000	9,470
			<u>\$1,792,171</u>	<u>\$ 12,977</u>	<u>\$1,796,000</u>	<u>\$ 23,571</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date 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:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2006-07B	\$ -	\$ 775,000	\$ 600,000	\$ 175,000

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

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2006-07B	4.250%	5.315%
2007-08A	4.500%	5.455%

**(4) Capital Assets**

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

	<u>Balance Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 65,900	\$ 39,508	\$ -	\$ 105,408
Capital assets being depreciated:				
Buildings and improvements	\$ 4,989,996	\$ 113,018	\$ -	\$ 5,103,014
Furniture and equipment	3,029,201	212,086	(4,500)	3,236,787
Total capital assets being Depreciated	\$ 8,019,197	\$ 325,104	\$ (4,500)	\$ 8,339,801

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

**(4) Capital Assets - continued**

	<u>Balance Beginning Of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,983,097	\$ 97,526	\$ -	\$ 2,080,623
Furniture and equipment	2,742,646	93,577	(4,500)	2,831,723
Total accumulated depreciation	<u>\$ 4,725,743</u>	<u>\$ 191,103</u>	<u>\$ (4,500)</u>	<u>\$ 4,912,346</u>
Total capital assets being depreciated, net	<u>\$ 3,293,454</u>	<u>\$ 134,001</u>	<u>\$ -</u>	<u>\$ 3,427,455</u>
Governmental activities capital assets, net	<u>\$ 3,359,354</u>	<u>\$ 173,509</u>	<u>\$ -</u>	<u>\$ 3,532,863</u>
<b>Business type activities:</b>				
Furniture and equipment	\$ 87,590	\$ -	\$ -	\$ 87,590
Less accumulated depreciation	76,558	1,696	-	78,254
Business type activities capital assets, net	<u>\$ 11,032</u>	<u>\$ (1,696)</u>	<u>\$ -</u>	<u>\$ 9,336</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Unallocated				<u>\$ 191,103</u>
Business type activities:				
Food service operations				<u>\$ 1,696</u>

**(5) Long-Term Liabilities**

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Early retirement	\$ -	\$ 156,896	\$ -	\$ 156,896	\$ -
General obligation bonds	2,185,000	-	210,000	1,975,000	215,000
Total	<u>\$2,185,000</u>	<u>\$ 156,896</u>	<u>\$ 210,000</u>	<u>\$ 2,131,896</u>	<u>\$ 215,000</u>

**Early Retirement**

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 50% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. Early retirement benefits paid during the year ended June 30, 2007 totaled \$20,921.

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

(5) **Long-Term Liabilities** - Continued

General Obligation Bonds Payable

Year Ending June 30,	Bond Issue of March 24, 2004			
	Interest Rate	Principal	Interest	Total
2008	2.35%	\$ 215,000	\$ 57,373	\$ 272,373
2009	2.55	220,000	52,965	272,965
2010	2.80	225,000	47,795	272,795
2011	2.80	230,000	42,058	272,058
2012	3.00	240,000	35,618	275,618
2013-2016	3.15-3.60	845,000	64,561	909,561
		<u>\$1,975,000</u>	<u>\$300,370</u>	<u>\$2,275,370</u>

(6) **Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$217,111, \$206,377 and \$195,798 respectively, equal to the required contributions for each year.

(7) **Risk Management**

St. Ansgar Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2007**

**(8) 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 \$226,566 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.

**(9) Related Party Transactions**

The District had business transactions between the District and District officials or employees, totaling \$10,121 during the year ended June 30, 2007.

**(10) Interfund Transfers**

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

Transfer to Debt Service from Capital Projects	<u>Amount</u> <u>\$166,000</u>
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Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**Required Supplementary Information**



ST. ANSGAR 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

	<u>Governmental Fund Actual</u>	<u>Proprietary Fund Actual</u>
<b>REVENUES:</b>		
Local sources	\$ 4,072,077	\$ 221,093
State sources	2,956,993	4,455
Federal sources	156,961	113,478
Total revenues	<u>\$ 7,186,031</u>	<u>\$ 339,026</u>
<b>EXPENDITURES:</b>		
Instruction	\$ 4,499,228	\$ -
Support services	1,901,545	-
Non-instructional programs	1,072	315,677
Other expenditures	824,972	-
Total expenditures	<u>\$ 7,226,817</u>	<u>\$ 315,677</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (40,786)	\$ 23,349
Other financing sources, net	<u>1,165</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ (39,621)	\$ 23,349
Balances beginning of year	<u>386,566</u>	<u>26,263</u>
<b>Balances end of year</b>	<u><b>\$ 346,945</b></u>	<u><b>\$ 49,612</b></u>

*See Accompanying Independent Auditor's Report.*

<u>Total Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 4,293,170	\$3,976,082	\$ 3,976,082	\$ 317,088
2,961,448	2,866,795	2,866,795	94,653
270,439	292,000	292,000	(21,561)
<u>\$ 7,525,057</u>	<u>\$7,134,877</u>	<u>\$ 7,134,877</u>	<u>\$ 390,180</u>
\$ 4,499,228	\$4,410,000	\$ 4,500,000	\$ 772
1,901,545	1,890,500	2,150,000	248,455
316,749	330,700	400,000	83,251
824,972	641,628	850,000	25,028
<u>\$ 7,542,494</u>	<u>\$7,272,828</u>	<u>\$ 7,900,000</u>	<u>\$ 357,506</u>
\$ (17,437)	\$ (137,951)	\$ (765,123)	\$ 747,686
<u>1,165</u>	<u>-</u>	<u>-</u>	<u>1,165</u>
\$ (16,272)	\$ (137,951)	\$ (765,123)	\$ 748,851
<u>412,829</u>	<u>823,731</u>	<u>823,731</u>	<u>(410,902)</u>
<u><b>\$ 396,557</b></u>	<u><b>\$ 685,780</b></u>	<u><b>\$ 58,608</b></u>	<u><b>\$ 337,949</b></u>

**ST. ANSGAR 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 Governmental Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on 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 function 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, the District adopted one budget amendment increasing budgeted expenditures by \$627,172.

**Other Supplementary Information**

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	<u>Special Revenue</u>				
	<u>Physical Plant and Equipment Levy</u>	<u>Management Levy</u>	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
<b>ASSETS:</b>					
Cash and investments	\$ 216,034	\$ 188,522	\$ 70,168	\$ 4,357	\$ 479,081
Receivables:					
Property tax:					
Delinquent	2,386	2,877	-	-	5,263
Succeeding year	<u>134,560</u>	<u>229,999</u>	<u>-</u>	<u>22,373</u>	<u>386,932</u>
<b>Total assets</b>	<b><u>\$ 352,980</u></b>	<b><u>\$ 421,398</u></b>	<b><u>\$ 70,168</u></b>	<b><u>\$ 26,730</u></b>	<b><u>\$ 871,276</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 977	\$ -	\$ 977
Salaries and benefits payable	-	81,263	-	-	81,263
Deferred revenue:					
Succeeding year property tax	134,560	229,999	-	22,373	386,932
Total liabilities	<u>\$ 134,560</u>	<u>\$ 311,262</u>	<u>\$ 977</u>	<u>\$ 22,373</u>	<u>\$ 469,172</u>
Fund balances:					
Reserved for debt service	\$ -	\$ -	\$ -	\$ 4,357	\$ 4,357
Unreserved	218,420	110,136	69,191	-	397,747
Total fund balances	<u>\$ 218,420</u>	<u>\$ 110,136</u>	<u>\$ 69,191</u>	<u>\$ 4,357</u>	<u>\$ 402,104</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 352,980</u></b>	<b><u>\$ 421,398</u></b>	<b><u>\$ 70,168</u></b>	<b><u>\$ 26,730</u></b>	<b><u>\$ 871,276</u></b>

*See Accompanying Independent Auditor's Report.*

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year ended June 30, 2007**

	<u>Special Revenue</u>				<u>Total</u>
	<u>Physical</u>	<u>Management</u>	<u>Student</u>	<u>Debt</u>	
	<u>Plant and</u>				
	<u>Equipment</u>	<u>Levy</u>	<u>Activity</u>	<u>Service</u>	
	<u>Levy</u>	<u>Levy</u>	<u>Levy</u>	<u>Levy</u>	<u>Levy</u>
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 182,462	\$ 220,031	\$ -	\$ 105,457	\$507,950
Other	9,458	10,694	277,810	1,404	299,366
State sources	1,246	144	-	68	1,458
Federal sources	25,000	-	-	-	25,000
Total revenues	<u>\$ 218,166</u>	<u>\$ 230,869</u>	<u>\$277,810</u>	<u>\$ 106,929</u>	<u>\$833,774</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	\$ -	\$ 99,563	\$ -	\$ -	\$ 99,563
Other	-	-	255,077	-	255,077
Support services:					
Instructional staff	-	1,814	-	-	1,814
Administration	-	20,730	-	-	20,730
Operation and maintenance of plant	-	42,949	-	-	42,949
Transportation	-	13,921	-	-	13,921
Non-instruction programs	-	1,072	-	-	1,072
	<u>\$ -</u>	<u>\$ 180,049</u>	<u>\$255,077</u>	<u>\$ -</u>	<u>\$435,126</u>
Other expenditures:					
Facilities acquisition	\$ 181,069	\$ -	\$ -	\$ -	\$181,069
Long term debt:					
Principal	-	-	-	210,000	210,000
Interest and fiscal charges	-	-	-	61,342	61,342
	<u>\$ 181,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,342</u>	<u>\$452,411</u>
Total expenditures	<u>\$ 181,069</u>	<u>\$ 180,049</u>	<u>\$255,077</u>	<u>\$ 271,342</u>	<u>\$887,537</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 37,097	\$ 50,820	\$ 22,733	\$(164,413)	\$(53,763)
Other financing sources:					
Operating transfers in	-	-	-	166,000	166,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ 37,097	\$ 50,820	\$ 22,733	\$ 1,587	\$112,237
Fund balances beginning of year	181,323	59,316	46,458	2,770	289,867
<b>Fund balances end of year</b>	<u><b>\$ 218,420</b></u>	<u><b>\$ 110,136</b></u>	<u><b>\$ 69,191</b></u>	<u><b>\$ 4,357</b></u>	<u><b>\$402,104</b></u>

*See Accompanying Independent Auditor's Report.*

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2007**

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>
Drama	\$ 6,311	\$ 2,354	\$ 3,228
Speech	1	125	620
Vocal Music	84	4,257	6,315
Choir Robes	2	890	8
Band and Choir Trip	475	36,564	34,057
Vocal music activities	-	1,320	-
Instrument Rent	1,242	100	144
High School Band	1,135	2,391	5,764
Middle School Band	3	-	-
Band Uniforms	1,066	216	-
Music Concessions	259	9,751	5,965
Cheerleaders	325	16,282	16,492
Athletics - General	(6,217)	66,106	61,830
Middle School Sports	51	5,596	7,104
Baseball	626	4,539	1,663
Softball	-	1,747	154
Middle School Student Council	1,868	3,769	5,035
High School Student Council	-	2,136	2,723
Elementary Student Council	20	1,779	2,840
Annual	4,798	14,458	14,482
Art Club	2,035	-	-
German Club	2,464	4,422	5,397
Industrial Arts Club	2,756	633	198
Revolving Shop - Middle School	282	-	-
Middle School Activities	35	3,254	3,708
Class of 2010	549	-	-
Class of 2009	-	2,531	1,725
Class of 2008	83	26,514	19,476
Class of 2011	7,695	-	3,334
FCCLA	-	1,921	1,935
Spanish Club	3,632	3,533	5,577
Stars Club	1,729	-	-
Saints Pride	443	66	1,227
Student Book Club	13	7,180	7,173
FFA	5,064	28,439	28,981
Student Pictures	2,799	15,034	1,290
Milk Machines	1,029	4,856	3,453
Towel Rental	3,305	3,698	2,166
Insurance	-	298	298
Petty Cash	100	-	-
Community Education	166	10	-
Student Extended Learning Club	-	346	715
Computer Club	230	695	-
<b>Total</b>	<b><u>\$ 46,458</u></b>	<b><u>\$277,810</u></b>	<b><u>\$255,077</u></b>

*See Accompanying Independent Auditor's Report.*

<u>Intrafund</u> <u>Transfers</u>	<u>Balance</u> <u>End of Year</u>
\$ (60)	\$ 5,377
1,000	506
2,902	928
-	884
-	2,982
-	1,320
-	1,198
2,902	664
-	3
-	1,282
(3,528)	517
296	411
2,883	942
1,985	528
-	3,502
-	1,593
(14)	588
1,000	413
1,050	9
4,150	8,924
-	2,035
-	1,489
-	3,191
-	282
673	254
-	549
-	806
(1)	7,120
(4,361)	-
50	36
-	1,588
(1,729)	-
1,747	1,029
-	20
(116)	4,406
(10,639)	5,904
-	2,432
(1,000)	3,837
-	-
-	100
-	176
750	381
60	985
<u>\$ -</u>	<u>\$ 69,191</u>

**ST. ANSGAR COMMUNITY SCHOOL DISTRICT**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Five Years**

	<b>Modified Accrual Basis</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Revenues:</b>					
Local sources:					
Local tax	\$3,326,800	\$3,146,241	\$2,885,208	\$2,939,844	\$2,868,203
Tuition	211,470	183,288	128,749	132,425	103,402
Other	533,807	472,661	361,648	295,047	311,367
State sources	2,956,993	2,771,584	2,767,428	2,410,644	2,523,696
Federal sources	156,961	147,855	171,815	142,765	153,485
<b>Total</b>	<b><u>\$7,186,031</u></b>	<b><u>\$6,721,629</u></b>	<b><u>\$6,314,848</u></b>	<b><u>\$5,920,725</u></b>	<b><u>\$5,960,153</u></b>
<b>Expenditures:</b>					
Instruction:					
Regular	\$3,188,377	\$2,939,467	\$2,764,925	\$2,633,020	\$2,442,552
Special	717,157	671,818	691,043	664,163	605,152
Other	593,694	685,481	577,227	532,842	527,948
Support services:					
Student	127,565	122,449	115,147	114,685	203,410
Instructional staff	209,929	187,880	129,933	181,098	176,937
Administration	746,539	670,406	549,271	525,642	490,497
Operation and maintenance of plant	451,359	477,599	484,627	433,465	368,177
Transportation	366,153	367,380	304,032	319,713	238,292
Non-instructional programs	1,072	1,778	434	1,844	731
Other expenditures:					
Facilities acquisition	327,064	139,833	121,152	116,718	204,404
Long-term debt:					
Principal	210,000	205,000	2,435,000	140,000	130,000
Interest and other charges	61,342	63,710	196,094	210,835	151,239
AEA flowthrough	226,566	212,020	211,638	211,147	227,250
<b>Total</b>	<b><u>\$7,226,817</u></b>	<b><u>\$6,744,821</u></b>	<b><u>\$8,580,523</u></b>	<b><u>\$6,085,172</u></b>	<b><u>\$5,766,589</u></b>

*See Accompanying Independent Auditor's Report.*



Larry Pump, CPA  
117 North Jackson Street  
Charles City, IA 50616

E-mail: rlp@fiai.net

(641) 257-4222  
or (641) 228-2812  
Fax (641) 228-1513

**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE**  
**AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED**  
**IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the  
St. Ansgar Community School District:

I 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 St. Ansgar 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 my report thereon dated October 31, 2007. I conducted my 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 my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I 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 the 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 the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. I consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

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

#### Compliance and Other Matters

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

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 my audit of the financial statements of the District. Since my 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.

The District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit the District's responses and, accordingly, I 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 the St. Ansgar Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to us by personnel of the St. Ansgar Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



October 31, 2007

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
Year Ended June 30, 2007

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

II-A-07      Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the cash receipts listing, bank deposits, posting of the cash receipts and disbursements and preparation of the investment account, health fund and school nutrition fund bank reconciliations are all done by the same person.

Recommendation - I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and make changes to improve internal control where possible.

Conclusion - Response accepted.

II-B-07      Countersignature of Checks - The District requires checks to be signed by two authorized individuals. I noted five checks with only one authorized signature.

Recommendation - Checks should be prepared and signed by one individual and then the supporting documentation should be made available along with the check to a second independent individual for review and countersignature.

Response - We will follow procedures for two signatures on all checks.

Conclusion - Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
 Schedule of Findings  
 Year Ended June 30, 2007

**Part III: Findings and Questioned Costs for Federal Awards:**

Not applicable

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-07      Certified Budget - Expenditures for the year ended June 30, 2007 did not exceed the amounts budgeted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Roger and Sandy Eberling, employees and co-owners of Eberling Lawn Service	Lawn service	\$ 120
Rosalee Lowe, employee	Building rent	1,150
David and Jolene Juhl, employees, co-owners of St. Ansgar Landscaping	Labor/supplies	602
Diann Tabbert, employee, owner of Country Cakes Etc.	Supplies	624
Joni DeMaris, employee, spouse of owner of Al's Electric	Repairs/supplies	1,398
Jennifer Nielsen, employee, co-owner of Striking Designs	District clothing and merchandise	2,399
Tori Steinberg, employee, co-owner of H&S Construction	Repairs	3,828

In accordance with an Attorney General's opinion dated November 9, 1976, these transactions may represent a conflict of interest.

Recommendation - The District should consult legal counsel to determine the disposition of this matter.

Response - We will consult our attorney.

Conclusion - Response accepted.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
Year Ended June 30, 2007

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

- IV-E-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 insure the coverage is adequate for current operations.
- IV-F-07      Board Minutes - No transactions were found that I believe should have been approved in the Board minutes but were not.
- Although minutes were published, not all minutes were published within two weeks as required by Chapter 279.35 of the Code of Iowa.
- Recommendation - The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.
- Response - Procedures have been revised to ensure the minutes are published as required.
- Conclusion - Response accepted.
- IV-G-07      Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-07      Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-07      Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-J-07      Deficit Balance - The General Fund had a deficit balance at June 30, 2007 of \$631,563.
- Recommendation - The District should investigate alternatives to eliminate this deficit in order to return this account to a sound financial position.
- Response - Future property tax collections will be used to restore the General Fund balance to a sound financial position.
- Conclusion - Response accepted.

