

**SOUTH WINNESHIEK
COMMUNITY SCHOOL DISTRICT
CALMAR, IOWA**

FINANCIAL REPORT

JUNE 30, 2007

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

Name	Title	Address	Term Expires
<u>Board of Education</u>			
(Before September 2006 Election)			
Roger Koenig	President	Castalia, Iowa	September 2007
Marty Tieskoetter	Member	Ossian, Iowa	September 2007
John Berger	Member	Calmar, Iowa	September 2008
Pat Tekippe	Member	Fort Atkinson, Iowa	September 2006
Alan Schmitt	Member	Ossian, Iowa	September 2008
<u>Board of Education</u>			
(After September 2006 Election)			
Roger Koenig	President	Castalia, Iowa	January 2007
Anne Frana	Member	Calmar, Iowa	September 2007
Marty Tieskoetter	Member	Ossian, Iowa	September 2007
John Berger	Member	Calmar, Iowa	September 2008
Pat Tekippe	Member	Fort Atkinson, Iowa	September 2009
Alan Schmitt	President (As of Jan '07)	Ossian, Iowa	September 2008
<u>School Officials</u>			
Richard Wede – Superintendent			
Kay Donlan – District Secretary/Treasurer			

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
*Certified Public Accountants
And Business Consultants*

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

**INDEPENDENT AUDITOR'S REPORT ON THE
THE FINANCIAL STATEMENTS**

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Winneshiek Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of South Winneshiek Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The District has not taken a physical inventory of capital assets nor gathered the appropriate information needed for determining historical costs of capital assets that are reported on the accompanying financial statements in the amount of \$7,037,859. The District also has not calculated the depreciation on the capital assets that are in service. Since there is not depreciation calculated or the appropriate information needed for determining historical costs of capital assets, we were unable to audit the capital assets and depreciation expense. Because we were unable to apply alternative auditing procedures to satisfy ourselves as to the historical cost of capital assets and depreciation, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial position of the governmental activities of South Winneshiek Community School District as of June 30, 2007, or the changes in financial position thereof for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the South Winneshiek Community School District as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2007, on our consideration of South Winneshiek Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on page 4 and pages 25 through 26, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hatchel, Nelson + Co., P.C.

Decorah, Iowa
October 8, 2007

**SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
CALMAR, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2007**

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

FINANCIAL HIGHLIGHTS

In total, net assets increased by \$861,179. Net assets of governmental activities increased by \$849,857, which represented 12.49% increase from fiscal year 2006. Property taxes decreased approximately \$144,000 and local option sales tax and state grants increased approximately by \$320,000. District program expenses were .3% or approximately \$20,000 less in 2007 than in 2006.

General fund revenues accounted for \$5,209,991 in revenue or 79.9% of all revenues. General fund expenditures accounted for \$5,331,708 in expenditures or 82.3% of all expenditures.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand South Winneshiek Community School District as a financial whole, or as an entire operating entity.

The statement of net assets and statement of activities provide information about the activities of South Winneshiek Community School District as a whole and present an overall view of the District's finances and a longer-term view of those 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 South Winneshiek Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds with all other non-major funds presented in total in a single column. For South Winneshiek Community School District, the general fund, management levy-special revenue fund, physical plant and equipment levy-special revenue fund and capital projects fund are the more significant funds.

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

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

Other supplementary information provides detailed information about the nonmajor special revenue.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide financial statements report information about the District as a whole using accounting methods similar to the accounting used by most 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 statement of net assets presents all of the District's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the District's net assets may serve as a useful indicator of whether the financial position of the District 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.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

In the statement of net assets and statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities: Most of the District's programs and services are reported here, including instruction, co-curricular activities, support services, (nursing, guidance, media, administration), building and grounds operation and maintenance, and pupil transportation. Property tax and state aid finance most of these activities.

Business-Type Activities: These services are provided on a charge for goods or services basis to recover all of the expenses for the goods or services provided. The District's school nutrition program is included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide more detailed information about the District's major funds. The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, management levy-special revenue fund, physical plant and equipment levy-special revenue fund and capital projects fund.

Governmental Funds

Governmental funds account for most of the District's basic services. The fund's focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the general fund, special revenue funds, debt service fund, and capital projects fund.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

Proprietary Funds

Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary funds are reported in the same way as the governmental-wide financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following is a summary perspective of the statement of net assets of the District as a whole. The South Winneshiek Community School District's net assets at the end of fiscal year 2007 totaled \$7,696,747.

	Condensed Statement of Net Assets						
	(Expressed in Thousands)						
	Governmental Activities		Business-type Activities		Total		Percent Change
2006	2007	2006	2007	2006	2007		
Current and other assets	\$ 4,140	\$ 5,587	\$ 8	\$ 24	\$ 4,148	\$ 5,611	35.27%
Capital assets	6,575	7,206	27	22	6,602	7,228	9.48%
Total assets	10,715	12,793	35	46	10,750	12,839	
Long-term debt outstanding	880	699	-	-	880	699	-20.57%
Other liabilities	3,028	4,438	7	6	3,035	4,444	46.43%
Total liabilities	3,908	5,137	7	6	3,915	5,143	
Net assets							
Invested in capital assets, net of related debt	5,745	6,566	27	22	5,772	6,588	14.14%
Restricted	14	16	-	-	14	16	14.29%
Unrestricted	1,048	1,074	1	18	1,049	1,092	4.10%
Total net assets	\$ 6,807	\$ 7,656	\$ 28	\$ 40	\$ 6,835	\$ 7,696	

The following analysis shows the change in net assets for the year ending June 30, 2007:

	Changes in Net Assets (Expressed in Thousands)						
	Governmental Activities		Business-type Activities		Total		Percent Change
	2006	2007	2006	2007	2006	2007	
Revenues:							
Program revenue							
Charges for service	\$ 361	\$ 388	\$ 143	\$ 142	\$ 504	\$ 530	5.16%
Operating grants	750	809	104	111	854	920	7.73%
General revenue							
Property taxes	2,262	2,116	-	-	2,262	2,116	-6.45%
Sales tax and surtax	542	692	-	-	542	692	27.68%
Unrestricted state grants	2,257	2,428	-	-	2,257	2,428	7.58%
Unrestricted investment earnings	35	57	-	-	35	57	62.86%
Gain (loss) on the sale of capital assets	1	1	-	-	1	1	0.00%
Other revenue	16	26	-	-	16	26	62.50%
Total revenues	6,224	6,517	247	253	6,471	6,770	
Program expenses:							
Instruction	3,875	3,859	-	-	3,875	3,859	-0.41%
Student support	1,513	1,530	-	-	1,513	1,530	1.12%
Non-instructional programs	1	1	-	-	1	1	0.00%
Other expenses	299	278	250	241	549	519	-5.46%
Total expenses	5,688	5,668	250	241	5,938	5,909	
Increase (decrease) in net assets	536	849	(3)	12	533	861	61.54%
Net assets Beginning of Year	6,271	6,807	31	28	6,302	6,835	8.46%
Net assets End of Year	\$ 6,807	\$ 7,656	\$ 28	\$ 40	\$ 6,835	\$ 7,696	

INDIVIDUAL FUND ANALYSIS

As the District completed the year, its governmental funds reported a combined fund balance of \$1,147,332, a \$37,473 increase of the 2006 fiscal year end balance of \$1,109,859.

- The general fund received more revenue during fiscal year 2007 through state revenue. The general fund expenditures decreased considerable for support services. The ending fund balance showed a decrease from the prior year of \$120,247 to \$(83,528).
- The management levy fund balance increased for fiscal year 2007, due to reduced spending.
- The physical plant and equipment levy (PPEL) fund balance decreased \$51,790 during fiscal year 2007. The District increased spending from the PPEL Fund.
- The capital projects fund balance increased due to increase in collection of local option sales tax and less capital projects that took place during the fiscal year.

BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute required approval of the budget on or before April 15th of each year. The budget document presents functional disbursements by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year.

The amendment made during the 2007 fiscal year should have no impact on the 2007 fiscal year's budget.

The following chart shows the original and amended budget for fiscal 2007 as well as the actual revenue and expenditures for the year:

	Budgetary Comparison Schedule (Expressed in Thousands)			
	Actual Basis	Budget Amounts		Variance
		Original	Final	
Revenues				
Local sources	\$ 3,412	\$ 3,491	\$ 2,491	\$ 921
Intermediate sources	-	6	6	(6)
State sources	3,060	3,049	3,049	11
Federal sources	298	250	250	48
Total revenues	\$ 6,770	\$ 6,796	\$ 5,796	\$ 974
Expenditures				
Instruction	\$ 3,849	\$ 3,985	\$ 4,285	\$ 436
Student support	1,756	1,643	1,975	219
Non-instructional programs	243	295	295	52
Other expenses	875	1,012	1,012	137
Total expenditures	\$ 6,723	\$ 6,935	\$ 7,567	\$ 844

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007, South Winneshiek Community School District had \$7,206,125 invested in a broad range of capital assets, including buildings, land and equipment for the governmental activities. For the enterprise funds, the District had \$22,103 invested in equipment in the school nutrition fund. The District is still in process of recording all capital assets.

The District is still working on establishing the policy to calculate depreciation expense for the governmental activities. The District had depreciation expense of \$3,186 for fiscal year 2007 and total accumulated depreciation of \$83,272 as of June 30, 2007 for the business-type activities. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year-end, the District had approximately \$699,075 in bonds and other debt compared to approximately \$879,730 last year. More detail is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt that districts can issue to 5 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding general obligation debt is significantly below this \$8,353,391 limit.

Other obligations include accrued vacation pay. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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:

- Revenue projection from the Department of Revenue and Finance projects that revenue from the local option sales tax shall continue to increase due to increased sales at the Super Wal-Mart in Decorah, Iowa.
- At the State level, the Iowa Legislature has approved a 4% allowable growth increase in state aid to school districts for fiscal 2007 and 2008. Fiscal years 2008 and beyond, the District expects a decline in enrollment, therefore, the District expects no allowable growth. The District has levied for cash reserve to help with current costs, however, this is not considered additional spending authority. The decline in fund balance has forced the Administration and Board of Education to face the challenge of reducing staff and/or programs in order to maintain a positive solvent position.
- The District is planning some major capital projects throughout the District. These projects are going to be paid with the local option sales tax that the District is reporting in the capital projects fund and money received in the physical plant and equipment levy fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of South Winneshiek Community School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Office, South Winneshiek Community School District, 304 S Webster St, Calmar, IA 52132.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments			
Other	\$ 1,842,571	\$ 19,045	\$ 1,861,616
ISCAP	1,223,643		1,223,643
Receivables			
Property tax			
Delinquent	30,677		30,677
Succeeding year	2,237,227		2,237,227
Accounts	83,992		83,992
Accrued interest-ISCAP	9,985		9,985
Due from other governments	159,184		159,184
Inventories		5,014	5,014
Capital assets, non-depreciable	168,266		168,266
Capital assets, net of accumulated depreciation	7,037,859	22,103	7,059,962
	<u>\$ 12,793,404</u>	<u>\$ 46,162</u>	<u>\$ 12,839,566</u>
LIABILITIES			
Accounts payable	\$ 391,710		\$ 391,710
Salaries and benefits payable	552,885	\$ 6,097	558,982
Accrued interest payable	2,837		2,837
ISCAP accrued interest payable	8,009		8,009
ISCAP unamortized bond premium	7,281		7,281
Deferred revenue			
Succeeding year property tax	2,237,227		2,237,227
Other	11,698		11,698
ISCAP warrants payable	1,226,000		1,226,000
Long-term liabilities			
Portion due within one year			
Bonds payable	205,000		205,000
Early retirement	26,332		26,332
Portion due after one year			
Bonds payable	435,000		435,000
Early retirement	32,743		32,743
	<u>5,136,722</u>	<u>6,097</u>	<u>5,142,819</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,566,125	22,103	6,588,228
Restricted for			
Debt service	16,185		16,185
Unrestricted	1,074,372	17,962	1,092,334
	<u>7,656,682</u>	<u>40,065</u>	<u>7,696,747</u>
Total net assets	<u>\$ 12,793,404</u>	<u>\$ 46,162</u>	<u>\$ 12,839,566</u>
Total liabilities and net assets	<u>\$ 12,793,404</u>	<u>\$ 46,162</u>	<u>\$ 12,839,566</u>

See Notes to Financial Statements.

2017-2018 BUDGET

STATEMENT OF ACTIVITIES

(in thousands)

Function	2017	2018	Change
General Government	1,200,000	1,250,000	50,000
Police	300,000	310,000	10,000
Fire	200,000	210,000	10,000
Public Works	100,000	105,000	5,000
Public Safety	100,000	105,000	5,000
Community Development	100,000	105,000	5,000
Health Services	100,000	105,000	5,000
Library	100,000	105,000	5,000
Other	100,000	105,000	5,000
Capital Expenditures	500,000	500,000	0
Debt Service	100,000	100,000	0
Other	100,000	100,000	0
Total	2,000,000	2,050,000	50,000

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
June 30, 2007

Functions and Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
Governmental activities			
Instruction			
Regular instruction	\$ 2,388,845	\$ 148,755	\$ 348,996
Special instruction	805,116	-	128,138
Other instruction	664,674	11,929	4,774
	<u>3,858,635</u>	<u>160,684</u>	<u>481,908</u>
Support services			
Student services	122,864	208,010	
Instructional staff services	200,165		
Administration services	554,575		
Operation and maintenance plant services	403,549		
Transportation services	249,289	2,223	89,685
	<u>1,530,442</u>	<u>210,233</u>	<u>89,685</u>
Non-instructional	<u>1,336</u>	<u>16,666</u>	
Other			
Long-term debt interest	41,431		
Facilities acquisition	-		
AEA flowthrough	237,024		237,024
	<u>278,455</u>		<u>237,024</u>
Total governmental activities	<u>5,668,868</u>	<u>387,583</u>	<u>808,617</u>
Business-type activities			
Non-instructional programs			
Nutrition services	241,765	141,301	111,518
Total	<u>\$ 5,910,633</u>	<u>\$ 528,884</u>	<u>\$ 920,135</u>
General revenues			
Property taxes levied for			
General purposes			
Management			
PPEL			
Debt service			
Local option sales tax and surtax			
Unrestricted state grants			
Unrestricted investment earnings			
Gain on the sale of capital assets			
Other			
Total general revenues			
Change in net assets			
Net assets, beginning of year			
Net assets, end of year			

See Notes to Financial Statements.

EXHIBIT B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (1,891,094)		\$ (1,891,094)
(676,978)		(676,978)
(647,971)		(647,971)
(3,216,043)		(3,216,043)
85,146		85,146
(200,165)		(200,165)
(554,575)		(554,575)
(403,549)		(403,549)
(157,381)		(157,381)
(1,230,524)		(1,230,524)
15,330		15,330
(41,431)		(41,431)
-		-
-		-
(41,431)		(41,431)
(4,472,668)		(4,472,668)
	\$ 11,054	11,054
(4,472,668)	11,054	(4,461,614)
1,758,314		1,758,314
175,063		175,063
101,967		101,967
82,112		82,112
691,646		691,646
2,427,984		2,427,984
57,498	268	57,766
1,470	-	1,470
26,471		26,471
5,322,525	268	5,322,793
849,857	11,322	861,179
6,806,825	28,743	6,835,568
\$ 7,656,682	\$ 40,065	\$ 7,696,747

SOUTH WINNEBAGO COMMUNITY DEVELOPMENT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2015

Part and Description	2015	2014	2013	2012	2011
Assets					
Current Assets					
Cash and cash equivalents	11,734	10,000	10,000	10,000	10,000
Accounts receivable	1,000	1,000	1,000	1,000	1,000
Inventory	1,000	1,000	1,000	1,000	1,000
Prepaid expenses	1,000	1,000	1,000	1,000	1,000
Other current assets	1,000	1,000	1,000	1,000	1,000
Total Current Assets	15,734	14,000	14,000	14,000	14,000
Non-current Assets					
Land	10,000	10,000	10,000	10,000	10,000
Investments	1,000	1,000	1,000	1,000	1,000
Other non-current assets	1,000	1,000	1,000	1,000	1,000
Total Non-current Assets	12,000	12,000	12,000	12,000	12,000
Total Assets	27,734	26,000	26,000	26,000	26,000
Liabilities and Equity					
Liabilities					
Accounts payable	1,000	1,000	1,000	1,000	1,000
Deferred revenue	1,000	1,000	1,000	1,000	1,000
Other liabilities	1,000	1,000	1,000	1,000	1,000
Total Liabilities	3,000	3,000	3,000	3,000	3,000
Equity					
Capital assets	10,000	10,000	10,000	10,000	10,000
Unrestricted	14,734	13,000	13,000	13,000	13,000
Total Equity	24,734	23,000	23,000	23,000	23,000
Total Liabilities and Equity	27,734	26,000	26,000	26,000	26,000

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SOUTH WINNESHEIK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Management Levy	Physical Plant and Equipment Levy
ASSETS			
Cash and pooled investments			
Other	\$ 544,403	\$ 480,906	\$ 312,136
Investments - ISCAP	1,223,643		
Receivables			
Property tax			
Delinquent	25,521	2,540	1,449
Succeeding year	2,133,213	-	104,014
Accounts	5,001		
Accrued interest			
ISCAP	9,985		
Due from other funds	-	-	-
Due from other governments	78,372		
Total assets	\$ 4,020,138	\$ 483,446	\$ 417,599
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 164,580	\$ 1,314	\$ 13,066
Salaries and benefits payable	552,885		
Interest payable			
ISCAP warrants payable	1,226,000		
ISCAP accrued interest payable	8,009		
ISCAP unamortized bond premium	7,281		
Deferred revenue			
Succeeding year property tax	2,133,213	-	104,014
Other	11,698		
Bonds payable			
Total liabilities	4,103,666	1,314	117,080
Fund balances			
Reserved for			
Debt service			
Unreserved, reported in			
General fund	(83,528)		
Special revenue funds		482,132	300,519
Total fund balances	(83,528)	482,132	300,519
Total liabilities and fund balances	\$ 4,020,138	\$ 483,446	\$ 417,599

See Notes to Financial Statements.

EXHIBIT C

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 445,461	\$ 59,665	\$ 1,842,571 1,223,643
-	1,167	30,677
78,991	-	2,237,227 83,992
		9,985
		-
80,812		159,184
<u>\$ 605,264</u>	<u>\$ 60,832</u>	<u>\$ 5,587,279</u>
\$ 212,750	\$ -	\$ 391,710 552,885
	137	137
		1,226,000
		8,009
		7,281
		2,237,227
		11,698
	5,000	5,000
<u>212,750</u>	<u>5,137</u>	<u>4,439,947</u>
	13,885	13,885
		(83,528)
<u>392,514</u>	<u>41,810</u>	<u>1,216,975</u>
<u>392,514</u>	<u>55,695</u>	<u>1,147,332</u>
<u>\$ 605,264</u>	<u>\$ 60,832</u>	<u>\$ 5,587,279</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET ASSETS	
Total governmental fund balances	\$ 1,147,332
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds, net of accumulated depreciation of \$ None	7,206,125
Other liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds	
Bonds payable	(635,000)
Accrued interest	(2,700)
Early retirement	(59,075)
	7,656,682
Net assets of governmental activities per Exhibit A	\$ 7,656,682

THE BOARD OF DIRECTORS OF THE
 UNIVERSITY OF CALIFORNIA
 OFFICE OF THE CHANCELLOR
 100 CALIFORNIA DRIVE, SUITE 100
 BERKELEY, CALIFORNIA 94720-1000
 (415) 495-1000

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2007

	General	Management Levy	Physical Plant and Equipment Levy
REVENUES			
Local sources			
Local property tax	\$ 1,758,316	\$ 175,063	\$ 101,967
Tuition	49,310		
Other	155,763	14,460	79,050
Intermediate sources	-		
State sources	3,056,508		75
Federal sources	190,094		
Total revenues	5,209,991	189,523	181,092
EXPENDITURES			
Current			
Instruction			
Regular instruction	2,334,538	44,959	
Special instruction	805,116		
Other instruction	462,151		
	<u>3,601,805</u>	<u>44,959</u>	
Support services			
Student services	159,465	1,232	
Instructional staff services	120,839	-	79,327
Administration services	552,596	1,979	-
Operation and maintenance plant services	364,169	39,384	
Transportation services	295,810	17,833	122,890
	<u>1,492,879</u>	<u>60,428</u>	<u>202,217</u>
Non-instructional		<u>1,336</u>	
Other			
Long-term debt			
Principal			
Interest and fiscal charges			
Facilities acquisition			30,665
AEA flowthrough	237,024		
	<u>237,024</u>	<u>-</u>	<u>30,665</u>
Total expenditures	5,331,708	106,723	232,882
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(121,717)	82,800	(51,790)
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)			
Gain on sale of capital assets	1,470		
	<u>1,470</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND FINANCING USES	(120,247)	82,800	(51,790)
FUND BALANCE, beginning of year	36,719	399,332	352,309
FUND BALANCE, end of year	\$ (83,528)	\$ 482,132	\$ 300,519

See Notes to Financial Statements.

EXHIBIT D

Capital Projects	Other Governmental Funds	Total Governmental Funds
	\$ 82,112	\$ 2,117,458
		49,310
\$ 645,003	209,476	1,103,752
	60	3,056,643
		190,094
<u>645,003</u>	<u>291,648</u>	<u>6,517,257</u>
	-	2,379,497
		805,116
	202,523	664,674
	<u>202,523</u>	<u>3,849,287</u>
	-	160,697
	-	200,166
	-	554,575
		403,553
		436,533
	-	1,755,524
	-	1,336
	190,000	190,000
	42,215	42,215
375,205	-	405,870
		237,024
<u>375,205</u>	<u>232,215</u>	<u>875,109</u>
<u>375,205</u>	<u>434,738</u>	<u>6,481,256</u>
<u>269,798</u>	<u>(143,090)</u>	<u>36,001</u>
	150,000	150,000
(150,000)		(150,000)
		1,470
<u>(150,000)</u>	<u>150,000</u>	<u>1,470</u>
119,798	6,910	37,471
<u>272,716</u>	<u>48,785</u>	<u>1,109,861</u>
<u>\$ 392,514</u>	<u>\$ 55,695</u>	<u>\$ 1,147,332</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds	\$	37,471
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, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Depreciation	\$	-
Capital outlays	<u>630,947</u>	630,947
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		190,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
		784
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Early retirement		<u>(9,345)</u>
Change in net assets of governmental activities per Exhibit B	\$	<u><u>849,857</u></u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2007

		School Nutrition Fund
ASSETS		
CURRENT ASSETS		
Cash	\$	19,045
Inventories		5,014
Total current assets		24,059
NONCURRENT ASSETS		
Furniture and equipment		110,544
Less accumulated depreciation		(88,441)
Total noncurrent assets		22,103
Total assets	\$	46,162
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Salaries and benefits payable	\$	6,097
Total liabilities		6,097
NET ASSETS		
Invested in capital assets, net of related debt		22,103
Unrestricted		17,962
Total net assets		40,065
Total liabilities and net assets	\$	46,162

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2007

	School Nutrition Fund
OPERATING REVENUES	
Local sources	
Charges for services	\$ 141,301
OPERATING EXPENSES	
Non-instructional programs	
Food service operations	
Salaries and benefits	119,311
Purchased services	108,841
Supplies	8,444
Depreciation	5,169
Total operating expenses	241,765
Operating loss	(100,464)
NONOPERATING REVENUES	
Interest on investments	268
State sources	3,392
Federal sources	108,126
Total nonoperating revenues	111,786
Change in net assets	11,322
Net assets, beginning of year	28,743
Net assets, end of year	\$ 40,065

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2007

EXHIBIT G

	School Nutrition Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of lunches and breakfasts	\$ 141,301
Cash payments to employees for services	(119,854)
Cash payments to suppliers for goods and services	(117,880)
	(96,433)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and federal grants received	111,518
	111,518
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	268
	15,353
CASH, beginning of year	
	3,692
CASH, end of year	
	\$ 19,045
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (100,464)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	5,169
Increase in inventories	(595)
Decrease in salaries and benefits payable	(543)
	(96,433)

Non-cash, noncapital financing activities:

During the year ended June 30, 2007, the District received commodities valued at \$18,081.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The South Winneshiek Community School District is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve, including special education and pre-kindergarten. The geographic area served includes the Cities of Calmar, Ossian, and Spillville, Iowa, and the predominately agricultural territory in the area. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fund raising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, South Winneshiek Community School District has included all funds, organizations, account groups, 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the District should be included in the financial statements as component units. The 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 Winneshiek County Assessor's Conference Board.

District-wide Financial Statements

The statement of net assets and the statement of activities report information on all non-fiduciary activities of the District. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund, management levy-special revenue fund, physical, plant and equipment levy-special revenue fund, and the capital projects fund are the major governmental funds for the District. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Management Levy- Special Revenue Fund

The management levy-special revenue fund is used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Physical Plant and Equipment Levy-Special Revenue Fund

The physical plant and equipment levy-special revenue fund is utilized to account for acquisition of equipment, with the exception of those that are financed through enterprise funds.

Capital Projects Fund

The capital projects fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

Proprietary Fund

Enterprise Fund

The District's proprietary fund is the school nutrition fund. This fund is used to account for the food service operations of the District.

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

On the District-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined below in item b.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus (Continued)

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental fund financial statements are accounted for on current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in fund balances. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.
- b. The proprietary funds are accounted for on economic resources measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their statement of net assets. In reporting the financial activity on the proprietary fund statements, the District applies all applicable GASB pronouncements. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide financial statements and proprietary fund are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned and the expenses are recognized when they are incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the District-wide statements and the statements for governmental funds.

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at the time of purchase.

Revenues susceptible to accrual under the modified accrual basis of accounting are property tax, intergovernmental revenue (shared revenues, grants and reimbursements from other governments) and interest revenue. Revenues from miscellaneous sources are generally recognized when they are received in cash as they are generally not measurable until actually received (tuition, fees and sale of services).

The District maintains its financial records on the modified cash basis (also referred to as cash basis or cash transactions). The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities and Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash and Investments

The District maintains one primary demand deposit account for each fund through which the cash resources are processed. All investment activity is carried on by the District in each individual fund. Investments are stated at fair value, except for non-negotiable certificates of deposits, which are stated at cost.

Property Tax Receivable

Property tax, including tax increment financing, 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 that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents taxes collected by the County but not remitted to the school and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% 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 March 2006.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (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. Inventories in the enterprise fund consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide statement of net assets. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary fund are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$2,500 for governmental funds and \$500 for the school nutrition-proprietary fund. Management has not accumulated the information necessary to verify the historical cost of capital assets or determined the method or the estimated useful lives that the capital assets will be depreciated.

Salaries and Benefits Payable

Payroll and related expenditures or expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2007 was used to calculate the salaries payable.

Deferred Revenue

In the fund financial statements certain revenues are measurable, but they are not available. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable and unearned grant revenue. Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned grant revenue.

Long-term Obligation

In the District-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. Early retirement liability has been paid primarily by the nonmajor governmental management fund.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Compensated Absences

District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. In addition, employees are allowed to take early retirement if they meet certain qualifications set by the Board of Education. In accordance with Interpretation No. 6 of the GASB–Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, a liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. 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 has been paid primarily by the general fund.

Fund Balance

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. Reserved fund balances are used first when an expenditure is incurred for purposes for both reserved and unreserved fund balances.

Net Assets

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consists of net assets with constraints placed on their use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net assets are used first when an expense is incurred for purposes for both restricted and unrestricted net assets.

2. Deposits 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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

NOTES TO FINANCIAL STATEMENTS

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2007:

Governmental		
General fund		
Transportation Aid, Non-public	\$	49,900
Vocational Aid, State		4,772
Title I		23,700
		78,372
Capital Projects		
Local Option Sales Tax		80,812
		80,812
Total Intergovernmental	\$	159,184

4. Capital Assets

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

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Governmental activities				
Land	\$ 90,962			\$ 90,962
Construction in progress	129,281	\$ 77,304	\$ (129,281)	77,304
	\$ 220,243	\$ 77,304	\$ (129,281)	\$ 168,266
Capital assets being depreciated				
Land improvements	\$ 171,173	\$ 15,571		\$ 186,744
Buildings	4,502,221	448,493		4,950,714
Furniture and equipment	1,681,541	218,860		1,900,401
	\$ 6,354,935	\$ 682,924	\$ None	\$ 7,037,859
Governmental activities				
Capital assets	\$ 6,354,935	\$ 682,924	\$ None	\$ 7,037,859
Business-type activities				
Furniture and equipment	\$ 110,544			\$ 110,544
Less accumulated depreciation	83,272	\$ 5,169		88,441
	\$ 27,272	\$ (5,169)	\$ None	\$ 22,103
Business-type activities				
Capital assets, net	\$ 27,272	\$ (5,169)	\$ None	\$ 22,103

Depreciation expense was charged to the governmental functions of the District as follows:

Business-type activities	
Food services	\$ <u>5,169</u>

NOTES TO FINANCIAL STATEMENTS

5. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Amounts Due Within One Year
Governmental activities					
Bonds					
General obligation	\$ 830,000		\$ 190,000	\$ 640,000	\$ 205,000
Other liabilities					
Early retirement	49,730	\$ 38,463	29,118	59,075	26,332
Governmental activities					
Long-term liabilities	\$ 879,730	\$ 38,463	\$ 219,118	\$ 699,075	\$ 231,332

a. Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must meet the rule of 88 (the sum of the person's age and the total number of years of public school employment must equal at least 88 years). Employees must send a letter requesting early retirement to the Superintendent, who takes it to the Board of Education. The early retirement incentive for each eligible employee is 80% of the employee's base salary. The District is obligated to pay \$100 per month of health insurance for three years. In addition, the District pays \$30 per day of accumulated sick leave towards health insurance. The maximum number of days of sick leave that can be accumulated is 120. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$29,118.

b. Bonded Indebtedness

\$5,000 1959 General Obligation Serial Bonds, due November 1, 1966. The bonds and interest are included in the debt service fund liabilities since the bonds have matured.

\$635,000 1997A General Obligation Crossover Refunding Serial Bonds, due annually in varying installments June 1, 2007 through June 1, 2010 plus interest annually with interest rates of the bonds varying from 5.00% to 5.2%. Bonds maturing after June 1, 2007 are callable June 1, 2008 or at any interest payment date thereafter at par.

Interest costs incurred and charged to expenses was \$41,431 for the year ended June 30, 2007.

A summary of the bond principal and interest maturities is as follows:

Year ending June 30,	Principal	Interest
2008	\$ 200,000	\$ 32,410
2009	210,000	22,410
2010	225,000	11,700
	\$ 635,000	\$ 66,520

NOTES TO FINANCIAL STATEMENTS

5. Long-term Debt Obligations (Continued)

b. Bonded Indebtedness (Continued)

At June 30, 2007, the debt issued by the District did not exceed its legal debt margin compiled as follows:

Total assessed valuation	\$ 167,067,815
Debt limit – 5% of total assessed valuation	\$ 8,353,391
Debt applicable to debt limit	
General obligation bonded debt outstanding	(640,000)
Legal debt margin	\$ 7,713,391

6. Interfund Transfers

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

	Transfers In	Transfers Out
Capital projects fund		\$ 150,000
Nonmajor governmental	\$ 150,000	
	\$ 150,000	\$ 150,000

Transfers are to move resources from the capital projects fund to the debt service fund to help pay bond obligations. Due to the referendum voted by the public, the proceeds from the local option sales tax will help pay bond obligations.

7. 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:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2006-07A	6/28/06	6/28/07	\$ -	\$ -	\$ -	\$ -
2006-07B	1/26/06	1/25/08	431,896	9,748	433,000	7,814
2007-08A	6/27/07	6/27/08	791,747	237	793,000	195
Total			\$ 1,223,643	\$ 9,985	\$ 1,226,000	\$ 8,009

NOTES TO FINANCIAL STATEMENTS

7. Iowa School Cash Anticipation Program (ISCAP) (Continued)

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

Series	Balance Beginning Year	Advances Received	Advances Repaid	Balance End of Year
2006-07A	\$ -	\$ 172,000	\$ 172,000	\$ -

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

Series	Interest Rates On Warrants	Interest Rates On Investments
2006-07A	4.50%	5.676%
2006-07B	4.25%	5.315%
2007-08A	4.5%	5.455%

8. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006, and 2005. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$187,040, \$187,712, and \$180,969, respectively, equal to the required contributions for each year.

9. Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education and no more than five employees per year will be granted benefits under the policy (see Note 5a).

Early retirement benefits are equal to 80% of the employee's last year of employment, without a maximum retirement benefit.

Early retirement benefits will be paid in three equal installments beginning in January following the start of retirement. The second payment will be paid the following July, and the third and final payment shall be paid during July of the next year.

At June 30, 2007, the District has obligations to two participants with a total liability of \$59,075. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$29,118.

NOTES TO FINANCIAL STATEMENTS

10. Cafeteria Plan

The District sponsors a Section 125 cafeteria plan as a part of its contractual obligation with its employees. The benefits available under the plan are health insurance. Each participating employee must carry single health coverage. Additionally, participants may elect salary reduction to cover family health insurance, non-covered medical and dental expenses and day care. There were 63 participants in the plan for the plan year ended December 31, 2007.

11. Risk Management

South Winneshiek 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.

12. 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 \$237,024 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.

13. Contingencies

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government.

If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2007 significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

14. Commitments

The District has entered into contracts totaling \$56,213 for media centers, playgrounds and various minor repairs to various school facilities. Of these commitments, \$None will be funded by state and federal grants.

15. Fund Balance Deficit

The general fund has a deficit fund balance as of June 30, 2007. South Winneshiek Community School District plans to eliminate this deficit by several methods including hiring a replacement superintendent at eighty percent and levying for cash reserve in replacement of management fund and debt service fund levies. The cash reserve levy is not considered additional spending authority.

SOUTH WINNEBAGO COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON REPORT
 OF REVENUES, EXPENDITURES AND FUND BALANCES
 BUDGET AND ACTUAL - ALL CATEGORIES AT FUNDING AND FUNDING TYPE
 For the year ended June 30, 2017

2017 Budget		2017 Actual		2016 Actual		
Budget	Actual	Budget	Actual	Budget	Actual	
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	FUND BALANCE - end of year
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	FUND BALANCE - beginning of year
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	TRANSFERS IN
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	TRANSFERS OUT
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	EXCESS OF REVENUES OVER EXPENSES
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	OTHER FINANCIAL SOURCES, NET
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	EXCESS OF REVENUES OVER EXPENSES AND OTHER FINANCIAL SOURCES, NET
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	REVENUES
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Local sources
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Intergovernmental sources
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	State sources
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Federal sources
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Total revenues
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	EXPENDITURES
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Instruction
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Support services
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Non-instructional
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Other
1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	Total expenditures

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCE -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
 For the Year Ended June 30, 2007

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual
REVENUES			
Local sources	\$ 3,270,520	\$ 141,301	\$ 3,411,821
Intermediate sources	-		-
State sources	3,056,643	3,660	3,060,303
Federal sources	190,094	108,126	298,220
Total revenues	6,517,257	253,087	6,770,344
EXPENDITURES			
Instruction	3,849,287		3,849,287
Support services	1,755,524		1,755,524
Non-instructional	1,336	241,765	243,101
Other	875,109		875,109
Total expenditures	6,481,256	241,765	6,723,021
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,001	11,322	47,323
OTHER FINANCING SOURCES, NET	1,470		1,470
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND FINANCING USES	37,471	11,322	48,793
FUND BALANCE, beginning of year	1,109,861	28,743	1,138,604
FUND BALANCE, end of year	\$ 1,147,332	\$ 40,065	\$ 1,187,397

See Notes to Required Supplementary Information.

Budget Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 3,491,477	\$ 3,491,477	\$ (79,656)
6,000	6,000	(6,000)
3,048,594	3,048,594	11,709
250,000	250,000	48,220
<u>6,796,071</u>	<u>6,796,071</u>	<u>(25,727)</u>
3,985,000	4,285,000	435,713
1,643,100	1,975,000	219,476
295,400	295,400	52,299
1,012,413	1,012,413	137,304
<u>6,935,913</u>	<u>7,567,813</u>	<u>844,792</u>
(139,842)	(771,742)	819,065
<u>500</u>	<u>500</u>	<u>970</u>
(139,342)	(771,242)	820,035
<u>377,884</u>	<u>377,884</u>	<u>760,720</u>
<u>\$ 238,542</u>	<u>\$ (393,358)</u>	<u>\$ 1,580,755</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2007

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$631,900.

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Winneshiek Community School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is also not a required part of the basic financial statements of South Winneshiek Community School District. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We have previously audited, in accordance with U.S. generally accepted auditing standards, the basic financial statements of South Winneshiek Community School District as of and for the years ending June 30, 2006, 2005, and 2004, (none of which is presented herein). We did not express an opinion on the governmental activities because we were unable to audit the historical cost of capital assets and depreciation expense for the years ending June 30, 2006, 2005 and 2004. We expressed unqualified opinions on the business-type activities, each major fund, and the aggregate remaining fund information for the years ending June 30, 2006, 2005 and 2004. We have previously audited, in accordance with U.S. generally accepted auditing standards, the general purpose financial statements of South Winneshiek Community School District as of and for the year ending June 30, 2003 (none of which is presented herein). We expressed a qualified opinion on the 2003 general purpose financial statements due to the omission of the general fixed asset account group. In our opinion, the information set forth in the required supplementary information for each of the five years in the period ended June 30, 2007, appearing on page 32, is fairly stated, in all material respects in relation to the basic and general purpose financial statements from which it has been derived.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 8, 2007

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

	Special Revenue Student Activity	Debt Service	Total Nonmajor Governmental Funds
ASSETS			
Cash and pooled investments	\$ 41,810	\$ 17,855	\$ 59,665
Receivables			
Property tax			
Delinquent		1,167	1,167
Succeeding year		-	-
Total assets	\$ 41,810	\$ 19,022	\$ 60,832
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -		\$ -
Interest payable		\$ 137	137
Deferred revenue			
Succeeding year property tax		-	-
Bonds payable		5,000	5,000
Total liabilities	-	5,137	5,137
Fund balances			
Reserved for			
Debt service		13,885	13,885
Unreserved	41,810		41,810
Total fund balances	41,810	13,885	55,695
Total liabilities and fund balances	\$ 41,810	\$ 19,022	\$ 60,832

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Revenue Student Activity	Debt Service	Total Nonmajor Governmental Funds
REVENUES			
Local sources			
Local property tax		\$ 82,112	\$ 82,112
Other	\$ 208,010	1,466	209,476
State sources		60	60
Total revenues	208,010	83,638	291,648
EXPENDITURES			
Current			
Instruction			
Regular instruction			-
Other instruction	202,523		202,523
Support services			
Student services			-
Instructional staff services			-
Administration services			-
Operation and maintenance plant services			-
Transportation services			-
Non-instructional			
Other			
Facilities acquisition			-
Long-term debt			
Principal		190,000	190,000
Interest and fiscal charges		42,215	42,215
Total expenditures	202,523	232,215	434,738
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,487	(148,577)	(143,090)
OTHER FINANCING SOURCES			
Transfers in		150,000	150,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	5,487	1,423	6,910
FUND BALANCE, beginning of year	36,323	12,462	48,785
FUND BALANCE, end of year	\$ 41,810	\$ 13,885	\$ 55,695

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 For the Year Ended June 30, 2007

	Balance June 30, 2006	Revenues and Transfer In	Expenditures	Balance June 30, 2007
Spanish Club	\$ 112	\$ -	\$ -	\$ 112
May Term	(1,205)	29,021	29,051	(1,235)
German Club	282	-	-	282
Music, EI/MS	472	253	375	350
Music, Senior High	(7,741)	30	226	(7,937)
Other Fine Arts	(1,188)	325	3,007	(3,870)
National Honor Society	(333)	468	574	(439)
All Athletic	(7,136)	9,428	4,249	(1,957)
All Athletic II	21,435	-	-	21,435
Football	12,065	12,714	11,115	13,664
Cross Country	(1,694)	1,762	2,439	(2,371)
Volleyball	1,027	3,419	4,921	(475)
Boys' Basketball	5,500	4,697	3,575	6,622
Girls' Basketball	(403)	6,540	4,616	1,521
Wrestling	(3,287)	20,180	17,623	(730)
Boys' Track	(8,371)	2,182	3,114	(9,303)
Girls' Track	(13,499)	2,082	3,227	(14,644)
Boys' Golf	(1,076)	40	578	(1,614)
Girls' Golf	(1,994)	24	670	(2,640)
Baseball	(16,490)	5,299	8,579	(19,770)
Softball	(17,698)	2,577	5,043	(20,164)
Cheerleaders, Senior High	(642)	-	-	(642)
All Fine Arts	1,923	445	-	2,368
Art Senior High	714	521	553	682
Student Council, Middle School	3,530	1,546	2,709	2,367
Student Council, Senior High	3,588	1,400	1,173	3,815
Yearbook	1,268	9,570	6,937	3,901
Band, Senior High	(1,956)	2,564	2,528	(1,920)
Flag Corp.	(1,611)	1,345	1,474	(1,740)
Choir, Senior High	(4,336)	30	67	(4,373)
Drama/Musical	9,003	5,670	3,567	11,106
Speech Activity and Debate	(9,304)	161	871	(10,014)
Drama Club	1,856	190	641	1,405
Activity Fee	20,979	4,196	-	25,175
Interest	1,967	655	606	2,016
Playground	6,984	-	1,263	5,721
Sub-totals	(7,259)	129,334	125,371	(3,296)

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2007

	Balance June 30, 2006	Revenues and Transfer In	Expenditures	Balance June 30, 2007
Sub-totals	\$ (7,259)	\$ 129,334	\$ 125,371	\$ (3,296)
Athletic Fee	3,735	-	-	3,735
National Honor Society - CD	4,251	108	-	4,359
Elementary	13,840	17,557	15,299	16,098
Classroom Computers, Elementary	644	-	-	644
ECSP	(225)	250	-	25
Class of 2002	(33)	-	-	(33)
Class of 2003	356	-	-	356
Class of 2004	21	-	-	21
Class of 2005	(104)	-	-	(104)
Class of 2006	(802)	115	-	(687)
Class of 2007	1,302	1,677	2,676	303
Class of 2008	1,154	6,915	5,734	2,335
Class of 2009	(61)	3,573	2,416	1,096
Class of 2010	-	-	55	(55)
Class of 2011	-	-	-	-
Pictures, Senior High	1,065	-	-	1,065
Resale	318	3,185	3,750	(247)
Middle School Activity	(656)	5,335	5,747	(1,068)
FFA	14,839	38,919	40,451	13,307
Industrial Arts	2,047	1,042	1,024	2,065
AAC Cub	1,891	-	-	1,891
	<u>\$ 36,323</u>	<u>\$ 208,010</u>	<u>\$ 202,523</u>	<u>\$ 41,810</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GOVERNMENTAL FUNDS
For the Years Ended June 30,

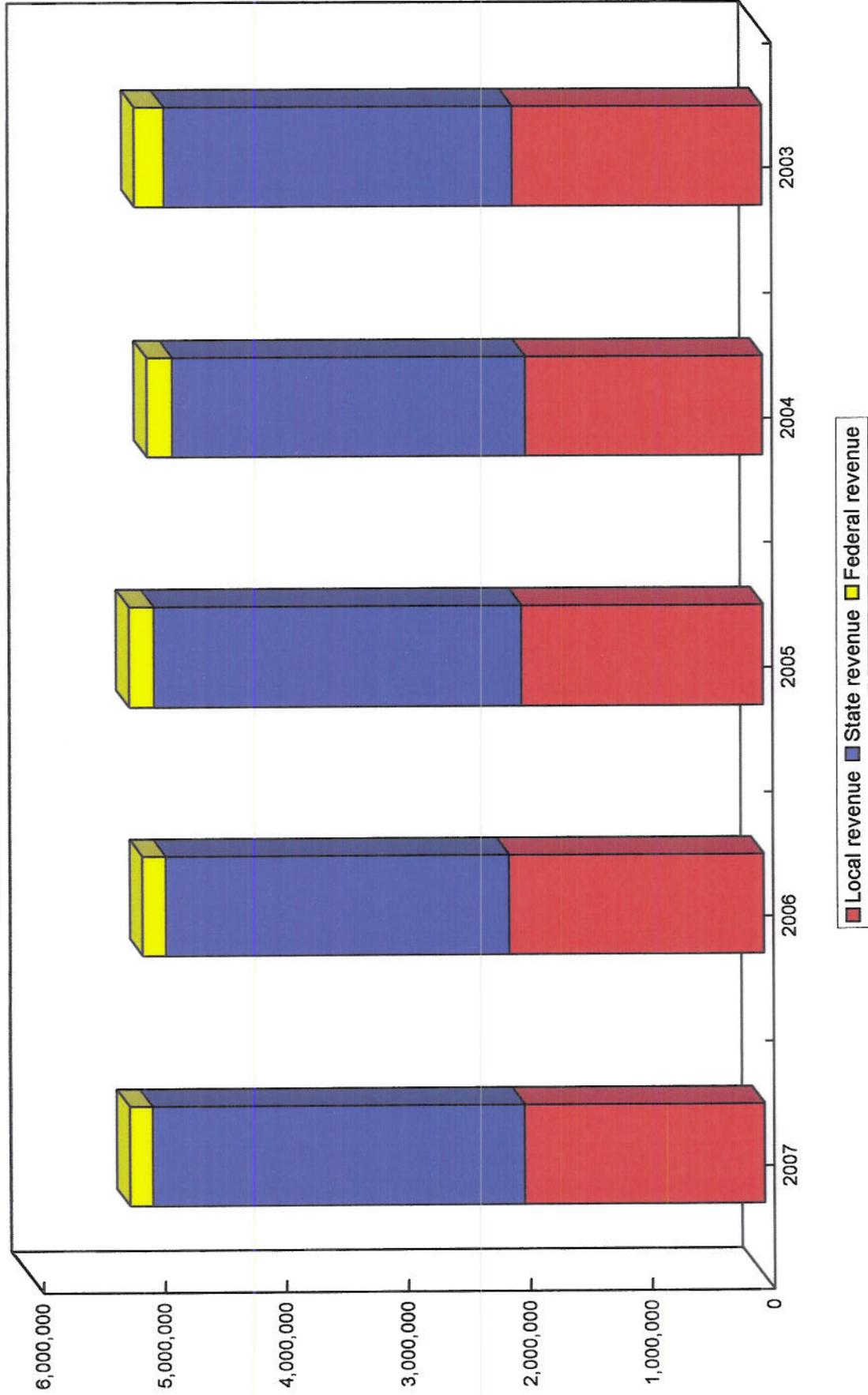
	Modified Accrual				
	2007	2006	2005	2004	2003
REVENUES					
Local sources					
Local tax	\$ 2,117,458	\$ 2,261,697	\$ 2,165,155	\$ 2,197,966	\$ 2,176,614
Tuition	49,310	85,372	86,313	72,205	78,294
Other	1,103,752	862,243	935,610	842,354	854,473
Intermediate sources	-	-	-	635	479
State sources	3,056,643	2,819,326	3,018,187	2,895,426	2,857,239
Federal sources	190,094	193,575	207,209	211,816	245,345
Total revenues	\$ 6,517,257	\$ 6,222,213	\$ 6,412,474	\$ 6,220,402	\$ 6,212,444
EXPENDITURES					
Current					
Instruction					
Regular instruction	\$ 2,379,497	\$ 2,318,095	\$ 2,380,779	\$ 2,387,045	\$ 2,364,247
Special instruction	805,116	857,911	925,177	986,675	939,739
Other instruction	664,674	690,308	624,249	563,172	496,111
Support services					
Student services	160,697	159,134	193,362	185,279	175,818
Instructional staff services	200,166	273,605	128,768	56,296	72,804
Administration services	554,575	537,257	478,798	453,030	470,238
Maintenance plant services	403,553	410,736	333,633	321,882	309,575
Transportation services	436,533	393,980	295,955	259,046	349,731
Non-instructional	1,336	1,326	4,179	5,360	2,494
Other					
Long-term debt					
Principal	190,000	180,000	175,400	165,000	155,000
Interest and fiscal charges	42,215	50,945	59,032	67,332	74,856
Facilities acquisition	405,870	468,535	620,297	240,365	407,827
AEA flowthrough	237,024	228,195	227,868	230,029	246,688
Total expenditures	\$ 6,481,256	\$ 6,570,027	\$ 6,447,497	\$ 5,920,511	\$ 6,065,128

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
Indirect			
Department of Agriculture			
Passed Through Iowa Department of Education			
School Breakfast Program	10.553	FY07	\$ 14,930
National School Lunch Program	10.555	FY07	78,710
Food Distribution Program (non-cash)	10.550	FY07	<u>18,081</u>
Total Department of Agriculture			<u>111,721</u>
Department of Education			
Passed Through Iowa Department of Education			
Title I Grants to Local Educational Agencies	84.010	FY07	83,361
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY07	2,319
Tech-Prep Education	84.243	FY07	2,171
State Grants for Innovative Programs	84.298	FY07	3,071
Improving Teacher Quality State Grants	84.367	FY07	33,509
Rural Education Achievement Program	84.358	FY07	16,227
Special Education - Grants to States	84.027	FY07	<u>41,267</u>
Total Department of Education			<u>181,925</u>
			<u>\$ 293,646</u>

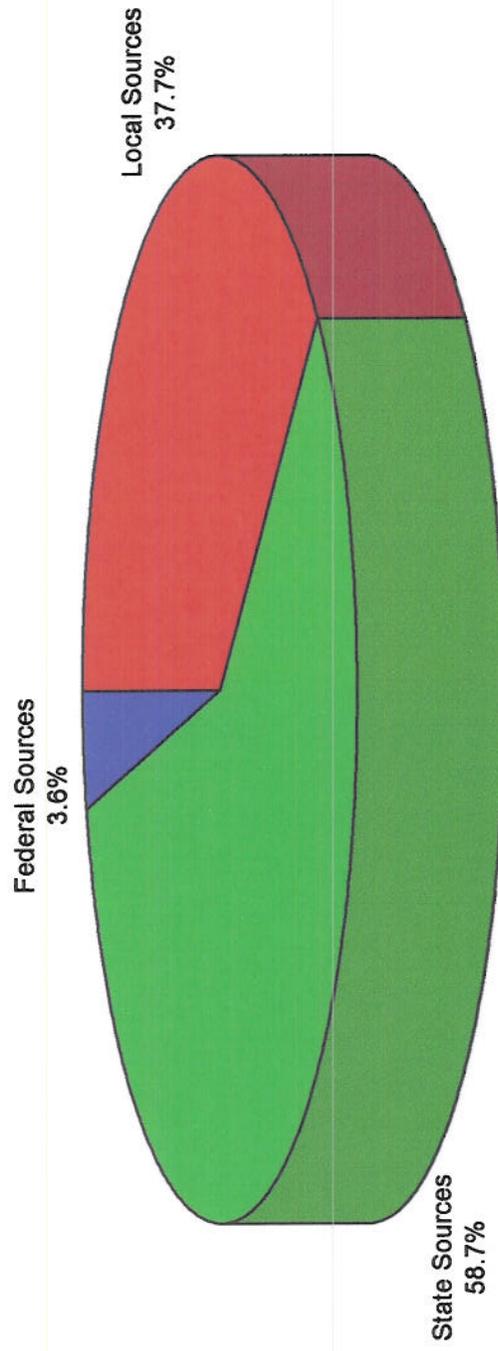
See Independent Auditor's Report on the Supplementary Information.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
Comparison of General Fund Revenues

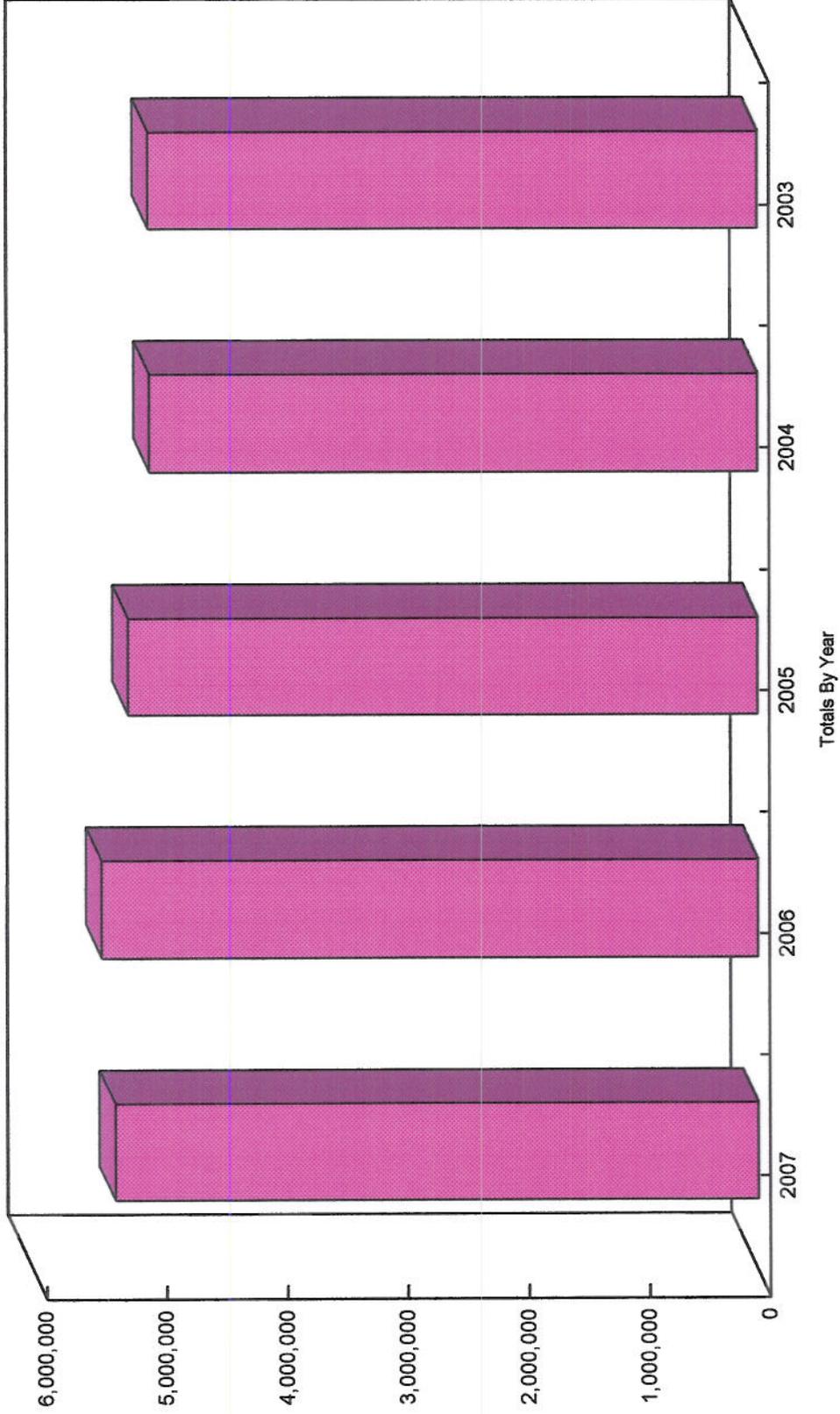


See Independent Auditor's Report on the Supplementary Information.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
General Fund Revenue Analysis

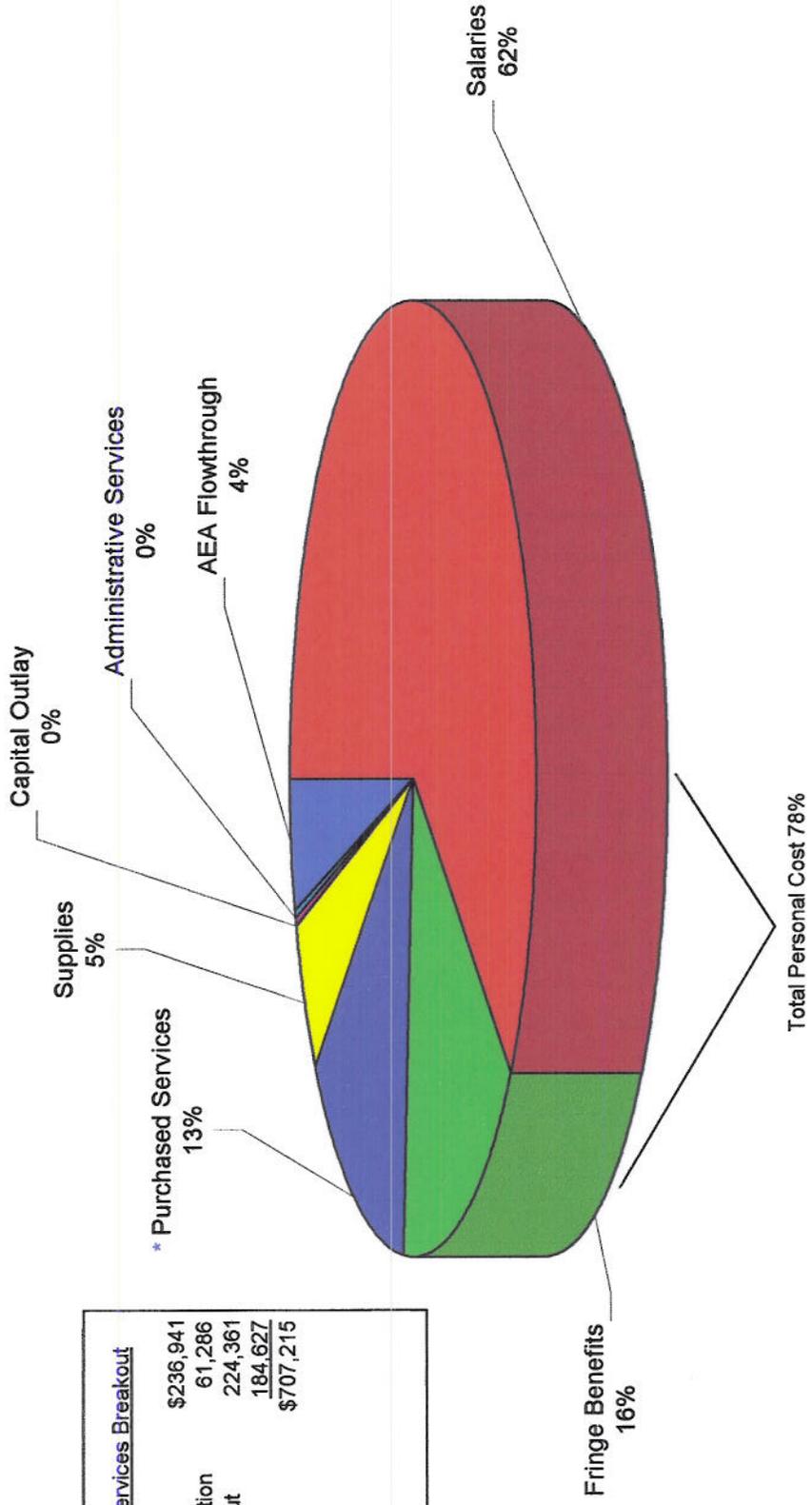


SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
Comparison of General Fund Expenditures



**SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
General Fund Expenditure Analysis Year Ended June 30, 2007**

<u>* Purchased Services Breakout</u>	
Special Education	\$236,941
Post-Secondary Tuition	61,286
Open Enrollment Out	224,361
Other	<u>184,627</u>
Total	\$707,215

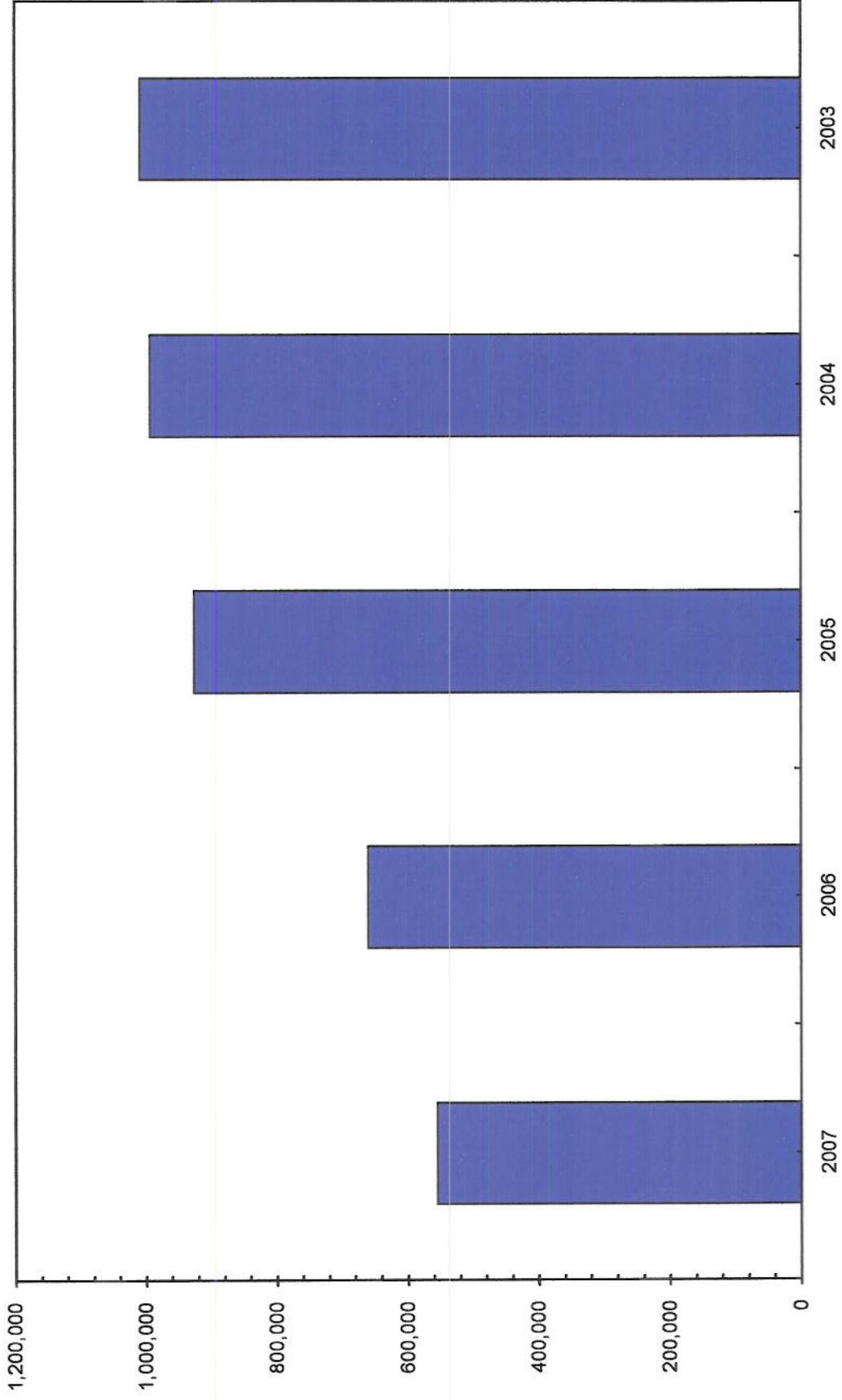


South Winneshiek Community School District
Operating Fund Financial Solvency



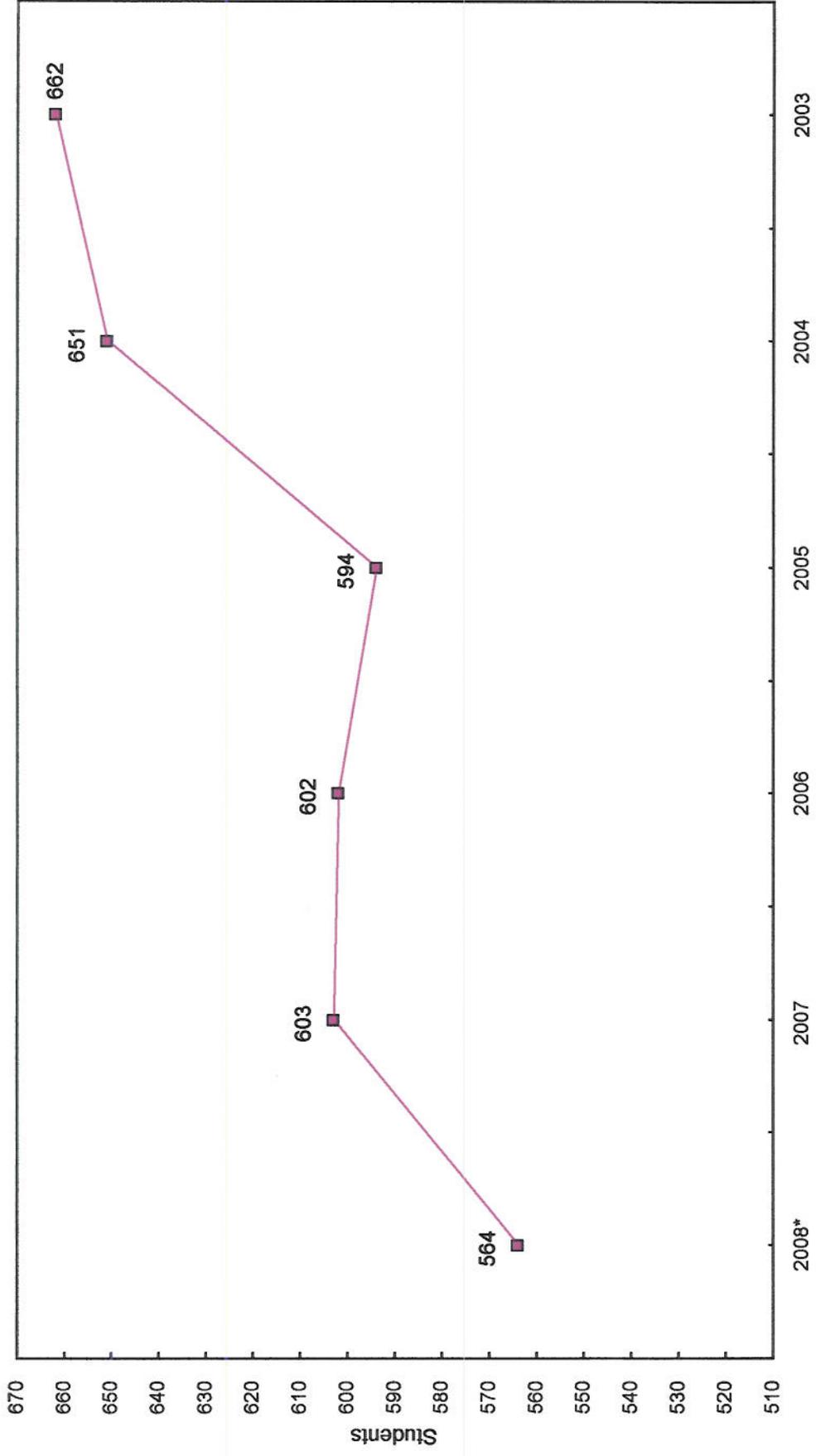
See Independent Auditor's Report on the Supplementary Information.

South Winneshiek Community School District
Spending Authority



See Independent Auditor's Report on the Supplementary Information.

South Winneshiek Community Schools
Student Enrollment Data



Resource: Total School Enrollment, Not Certified Enrollment, Line 11 of Certified Enrollment Form
*estimated enrollment

See Independent Auditor's Report on the Supplementary Information.

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

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
South Winneshiek Community School District
Calmar, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Winneshiek Community School District as of and for the year ended June 30, 2007, which collectively comprise South Winneshiek Community School District's basic financial statements and have issued our report thereon dated October 8, 2007. We did not express an opinion on the governmental activities because we were unable to audit the historical cost of capital assets and depreciation expense. Except as discussed in the preceding sentence, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Winneshiek Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Winneshiek Community School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of South Winneshiek Community School District's internal control over financial reporting.

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

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

1. Financial Report Preparation

Reporting financial data reliably in accordance with generally accepted accounting principles requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Obtaining additional generally accepted accounting principles knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in their ability to prepare and take responsibility for reliable generally accepted accounting principles financial statements.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

2. Overlapping Duties

The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records. While we do recognize that the District is not large enough to permit a segregation of duties for effective internal controls, we believe that it is important that the Board be aware that this condition does exist.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

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 South Winneshiek Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Winneshiek Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of South Winneshiek Community School District in a separate letter dated October 8, 2007.

South Winneshiek Community School District's response to the findings identified in our audit is described above. We did not audit South Winneshiek Community School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 8, 2007

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P.O. Box 507
Decorah, Iowa 52101
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MANAGEMENT LETTER

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

In planning and performing our audit of the financial statements of South Winneshiek Community School District for the year ended June 30, 2007, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 thru 9 below are compliance comments required by the Iowa Auditor of State. A separate report dated October 8, 2007 contains our report on significant deficiencies in the District's internal control. This letter does not affect our report dated October 8, 2007, on the financial statements of the South Winneshiek Community School District. Comment numbers 10, 11, 13 and 14 are repeat comments from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions.

1. **Certified Budget**
Disbursements for the year ended June 30, 2007, did not exceed the amounts budgeted.
2. **Questionable Disbursements**
We noted no disbursements that may not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.
3. **Travel Expense**
No expenditures of District money for travel expenses of spouses of District officials and/or employees were noted. No travel advances to District officials or employees were noted.
4. **Business Transactions**
We noted no business transactions between the District and District officials and/or employees for the year ended June 30, 2007.
5. **Bond Coverage**
Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

6. Board Minutes

We noticed capital projects not documented in the Board minutes for approval. We also noted no transfers between the capital projects and debt services fund that were not authorized in the Board minutes. We noted no minutes and bills that had not been published as required.

Recommendation

We recommend the Board approve all capital projects and document bids in the Board meeting minutes.

Response and Corrective Action Planned

We will try to put all the appropriate information in the minutes.

Conclusion

Response accepted.

7. Deposits and Investments

We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

8. Certified Annual Report

The Certified Annual Report (CAR) was certified to the Iowa Department of Education timely.

9. Certified Enrollment

No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

10. Student Activity Funds

As of June 30, 2007, several individual student activity accounts have negative account balances. Some of these accounts historically have had operating deficits.

Recommendation

We recommend that a plan be established to eliminate the deficit accounts including but not limited to the reallocation of funds among the accounts.

Response and Corrective Action Planned

Our objective is to report what the activities true picture are at June 30 and make intrafund transfers if appropriate on July 1.

Conclusion

Response accepted.

11. Property and Equipment Records

A partial record of the District's fixed assets is maintained on individual property journals. Property journal totals have not been reconciled to balance additions and deletions to the general ledger. We recommend that this procedure be implemented. In addition, to facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the capital assets records. The District also needs to calculate depreciation expense on the appropriate capital assets.

Recommendation

We recommend that management summarize its property records and record the results in the governmental activities.

11. Property and Equipment Records (Continued)

Response and Corrective Action Planned

We are in the process of compiling the information.

Conclusion

Response accepted.

12. Disbursements

During our audit, we noticed various items that were not in compliance with District procedures. There was one receiving slip that did not have the Superintendent's approval. There was one invoice that did not have the Board's approval. In the Hot Lunch account there were five checks that were dated after the check already cleared the bank. In the activity fund there was one check that the only supporting documentation was a purchase order, no receipt or invoice.

Recommendation

We recommend that the appropriate or designated person(s) review and authorize all invoices, supporting documents, as well as sign checks. The District personnel need to verify that the dates on the check correspond to the current day's date.

Response and Corrective Action Planned

We will do better in the future to verify that all invoices and checks are in compliance with District procedure.

Conclusion

Response accepted.

13. Outstanding Bond Coupon

The District has a 1959 General Obligation Serial Bonds outstanding for \$5,000 plus accrued interest of \$137.

Recommendation

We recommend the Board contact legal counsel regarding its disposition.

Response and Corrective Action Planned

We will discuss it with the Board on what action should be taken.

Conclusion

Response accepted.

14. Financial Condition

The District is currently using reserves to handle the current short-term dip in general fund balance.

Recommendation

We recommend a close monitoring by the Board of Education and Administration in its budgeting and expenditure process.

Response and Corrective Action Planned

The Board of Education and Administration realize the challenges they're facing with the projected enrollment decline and related budgetary pressures that are associated with it. Additionally, a cash reserve levy is being considered for fiscal year 2008, this will not be considered additional spending authority. A continued decline in fund balance would force the Board of Education and Administration to face the challenge of reducing programs to maintain a positive solvent position.

Conclusion

Response accepted.

15. Inventory

During our audit, we noticed only full cases were being included in the inventory count.

Recommendation

We recommend taking a more accurate count of inventory by counting each item not just the full cases.

Response and Corrective Action Planned

We will count all items in inventory at year end.

Conclusion

Response accepted.

16. Hot Lunch Accounts

As of June 30, 2007, several individual students' hot lunch accounts have negative account balances.

Recommendation

We recommend the District adopt a plan to collect the balances owed from the families and to establish a plan to avoid deficit accounts in the future.

Response and Corrective Action Planned

We have contacted the families to set up a payment plan to pay off the deficit accounts. We have also established a policy to avoid accounts having deficit balances.

Conclusion

Response accepted.

17. Negative Fund Balance

For fiscal year ended June 30, 2007, expenditures in the general fund exceeded revenues by \$120,247 causing a deficit balance in the general fund.

Recommendation

The District should revisit its budget plan to ensure that revenues in the general fund are greater than their respective expenditures for the fiscal year June 30, 2008. The District should also devise a plan to ensure a positive balance in the general fund.

Response and Corrective Action Planned

The District has hired a replacement superintendent at 80% time and has levied for cash reserve to help reduce the deficit.

Conclusion

Response accepted.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of South Winneshiek Community School District during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hachen, Nelson + Co., P.C.

Decorah, Iowa
October 8, 2007