

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL  
DISTRICT

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

June 30, 2007

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Independent Auditor's Report

To the Board of Education of  
Woden-Crystal Lake Community School District:

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2008, on our consideration of Woden-Crystal Lake Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woden-Crystal Lake Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

March 12, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2007 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$1,698,666 in fiscal 2006 to \$1,729,141 in fiscal 2007, while General Fund expenditures decreased from \$1,708,748 in fiscal 2006 to \$1,708,373 in fiscal 2007. The District's General Fund balance increased from \$(182,761) in fiscal 2006 to \$(161,993) in fiscal 2007, a 11% increase.
- The increase in General Fund revenues was attributable to an increase in property tax revenues. One reason the General Fund balance increased is because the budget cuts were greater than the District's increase in General Fund revenue for fiscal 2007.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

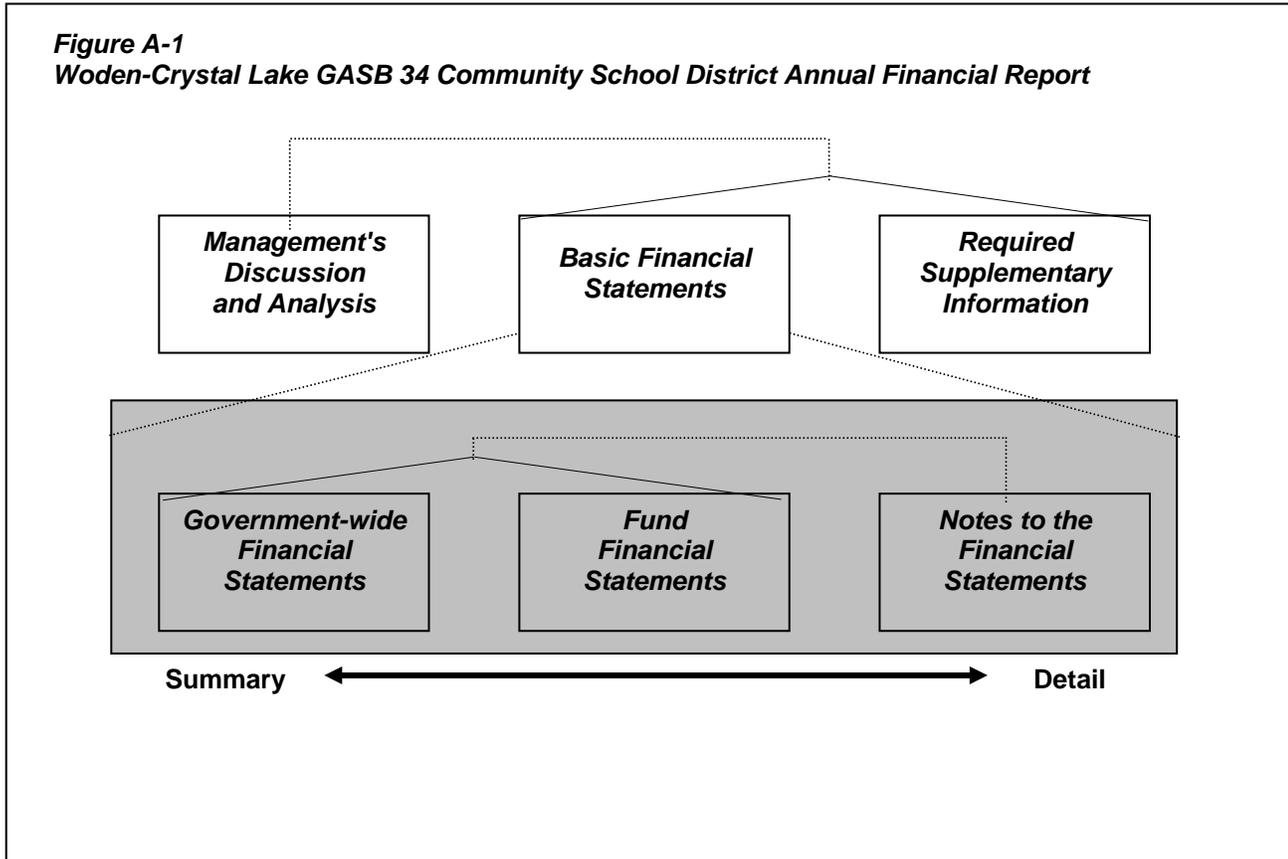


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

## REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

The two government-wide financial statements report the District’s net assets and how they have changed. Net assets – the difference between the District’s assets and liabilities – are one way to measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net assets are an indicator of whether financial position is improving or deteriorating. To assess the District’s overall health,

additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

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

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

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

3. *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other entities.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2006-2007 %
	Governmental Activities		Business-type Activities		Total School District		
	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
Current and other assets	1,857,014	1,681,642	(13,163)	(8,437)	1,843,851	1,673,205	10.2
Capital assets	865,071	913,725	3,379	4,484	868,450	918,209	(5.4)
<b>Total assets</b>	<b>2,722,085</b>	<b>2,595,367</b>	<b>(9,784)</b>	<b>(3,953)</b>	<b>2,712,301</b>	<b>2,591,414</b>	<b>4.7</b>
Long-term liabilities	174,210	235,000	--	--	174,210	235,000	(25.9)
Other liabilities	1,593,639	1,540,048	10	--	1,593,649	1,540,048	3.5
<b>Total liabilities</b>	<b>1,767,849</b>	<b>1,775,048</b>	<b>--</b>	<b>--</b>	<b>1,767,859</b>	<b>1,775,048</b>	<b>(.4)</b>
Net Assets:							
Invested in capital assets, net of related debt	705,071	678,725	3,379	4,484	708,450	683,209	3.7
Restricted	345,107	258,241	--	--	345,107	258,241	33.6
Unrestricted	(95,942)	(116,647)	(13,173)	(8,437)	(109,115)	(125,084)	12.8
<b>TOTAL NET ASSETS</b>	<b>954,236</b>	<b>820,319</b>	<b>(9,794)</b>	<b>(3,953)</b>	<b>944,442</b>	<b>816,366</b>	<b>15.7</b>

The District's combined net assets increased by nearly 16%, or approximately \$128,100, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$87,000 or 64% over the prior year. The increase was primarily a result of physical plant and equipment property taxes and sales taxes that were collected in fiscal year 2007, but will be spent in a future year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$16,000, or 13%.

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

Figure A-4

	Change in Net Assets						Percentage Change 2006-2007
	Governmental Activities		Business-type Activities		Total School District		
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	
Revenues							
Program Revenues:							
Charges for services	195,679	201,288	28,801	29,975	224,480	231,263	(2.9)
Operating grants & contributions	227,735	222,762	29,227	32,748	256,962	255,510	.6
Capital grants & contributions	--	--	--	--	--	--	--
General Revenues:							
Property taxes	965,143	868,668	--	--	965,143	868,668	11.1
Income Surtax	74,743	88,425	--	--	74,743	88,425	(15.5)
Local option sales tax	85,855	84,087	--	--	85,855	84,087	2.1
Unrestricted state grants	521,135	558,759	--	--	521,135	558,759	(6.7)
Unrestricted investment earnings	21,715	26,310	1	13	21,716	26,323	(17.5)
Other revenue	11,685	23,259	--	--	11,685	23,259	(49.8)
<b>Total Revenues</b>	<b>2,103,690</b>	<b>2,073,558</b>	<b>58,029</b>	<b>62,736</b>	<b>2,161,719</b>	<b>2,136,294</b>	<b>1.2</b>
Expenses:							
Instruction	1,240,572	1,246,949	--	--	1,240,572	1,246,949	(.5)
Support services	574,101	567,747	--	--	574,101	567,747	1.1
Non-instructional programs	--	--	63,870	71,205	63,870	71,205	(10.3)
Other expenditures	155,100	122,018	--	--	155,100	122,018	27.1
<b>Total expenses</b>	<b>1,969,773</b>	<b>1,936,714</b>	<b>63,870</b>	<b>71,205</b>	<b>2,033,643</b>	<b>2,007,919</b>	<b>1.3</b>
<b>Change in net assets before transfers</b>	<b>133,917</b>	<b>136,844</b>	<b>(5,841)</b>	<b>(8,469)</b>	<b>128,076</b>	<b>128,375</b>	<b>(.2)</b>
Transfers	--	(8,507)	--	8,507	--	--	--
<b>CHANGE IN NET ASSETS</b>	<b>133,917</b>	<b>128,337</b>	<b>(5,841)</b>	<b>38</b>	<b>128,076</b>	<b>128,375</b>	<b>(.2)</b>
Net assets beginning of year	820,319	691,982	(3,953)	(3,991)	816,366	687,991	18.7
Net assets end of year	954,236	820,319	(9,794)	(3,953)	944,442	816,366	15.7

Property tax and unrestricted state grants account for 69% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 89% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$2,103,690 and expenses were \$1,969,773. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

	Total Cost of Services			Net Cost of Services		
	2007 \$	2006 \$	Change 2006-2007	2007 \$	2006 \$	Change 2006-2007
Instruction	1,240,572	1,246,949	(6,377)	872,166	877,595	(5,429)
Support Services	574,101	567,747	6,354	572,276	565,022	7,254
Non-instructional Programs	--	--	--	--	--	--
Other Expenses	155,100	122,018	33,082	101,917	70,047	31,870
<b>TOTAL</b>	<b>1,969,773</b>	<b>1,936,714</b>	<b>33,059</b>	<b>1,546,359</b>	<b>1,512,664</b>	<b>33,695</b>

- The cost financed by users of the District's programs was \$195,679. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$227,735.
- The net cost of governmental activities was financed with \$1,125,741 in property and local other taxes and \$521,135 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities were \$58,028 and expenses were \$63,870. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$189,121, well above last year's ending fund balances of \$66,997

### Governmental Fund Highlights

- The General Fund balance increased from \$(182,761) to \$(161,993), due to a tight budget cut on most expenditures of the District.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$50,568 in fiscal 2006 to \$74,618 in fiscal 2007. The balance remaining in the PPEL Fund must be used for the purchase of equipment or for building and grounds repairs, improvements and construction.
- The Capital Projects Fund balance increased from \$129,477 at June 30, 2006 to \$181,453 at June 30, 2007. This increase was the result of higher sales tax collections. The monies in the capital projects fund must be used to purchase equipment or capital improvements.

### Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$(3,953) at June 30, 2006 to \$(9,794) at June 30, 2007, representing a decrease of approximately 147%. For fiscal 2007, the District increased meal prices, but due to the fact of declining enrollment; it was not enough to offset the expenses.

## BUDGETARY HIGHLIGHTS

The District's receipts were \$54,050 greater than budgeted receipts, a variance of 3%. The most significant variance resulted from the District receiving more miscellaneous income than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the support services functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, the District had invested \$868,450, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 5.4% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$54,759.

The original cost of the District's capital assets was \$2,290,602. Governmental funds account for \$2,241,416, with the remainder of \$49,186 accounted for in the Proprietary, School Nutrition Fund.

During 2007 the District spent \$5,000 for a new vehicle.

*Figure A-6*

*Capital Assets (net of depreciation)*

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2006-2007 %
	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
Land	5,305	5,305	--	--	5,305	5,305	--
Buildings	810,563	844,900	--	--	810,563	844,900	(4.1)
Improvements	15,516	18,275	--	--	15,516	18,275	(15.1)
Equipment & Furniture	33,687	45,245	3,379	4,484	37,066	49,729	(25.5)
<b>TOTAL</b>	<b>865,071</b>	<b>913,725</b>	<b>3,379</b>	<b>4,484</b>	<b>868,450</b>	<b>918,209</b>	<b>(5.4)</b>

### Long-Term Debt

At June 30, 2007, the District had \$160,000 in general obligation debt outstanding. This represents a decrease of approximately 32% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District also had total outstanding Early Retirement payable from the Management Fund of \$14,210 at June 30, 2007.

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

	<b>Total School District</b>		<b>Percentage Change</b>
	<b>2007</b>	<b>2006</b>	<b>2006-2007</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>
General Obligation Bonds	160,000	235,000	(32)
Early Retirement	14,210	--	100
	<u>174,210</u>	<u>235,000</u>	<u>(26)</u>

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

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

- School financing is highly dependent upon student enrollment. The District's October 2007 enrollment increased by three students. This rise in enrollment will increase the District's funding for fiscal year 2009.
- Although the District has experienced declining enrollment for the past three years, the District expects a slight increase in future enrollment due to a new housing development in progress within the District.
- The District has evaluated the condition of its transportation vehicles and determined, due to safety precautions, one bus must be replaced during fiscal 2008 at a cost of \$63,000. To pay for this bus, the District will use the Physical Plant and Equipment Levy Fund.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Connie Tegtmeyer, District Secretary/Treasurer and Business Manager, Woden-Crystal Lake Community School District, 346 Howard, PO Box 135, Woden, IA 50484.

## BASIC FINANCIAL STATEMENTS

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents:			
ISCAP	557,890	-	557,890
Other	145,925	-	145,925
Receivables:			
Property tax:			
Delinquent	18,732	-	18,732
Succeeding year	923,866	-	923,866
Accounts	750	-	750
Accrued interest - ISCAP	6,492	-	6,492
Due from other governments	189,221	-	189,221
Interfund receivable/payable	14,076	(14,076)	-
Prepaid expenses	62	-	62
Inventories	-	913	913
Capital assets, net of accumulated depreciation	865,071	3,379	868,450
<b>Total assets</b>	<b>2,722,085</b>	<b>(9,784)</b>	<b>2,712,301</b>
<b>Liabilities</b>			
Accounts payable	102,496	10	102,506
Accrued interest payable	551	-	551
Deferred revenue:			
Succeeding year property tax	923,866	-	923,866
ISCAP warrants payable	559,000	-	559,000
ISCAP accrued interest payable	4,560	-	4,560
ISCAP premium	3,166	-	3,166
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	75,000	-	75,000
Termination benefits	14,210	-	14,210
Portion due after one year:			
General obligation bonds payable	85,000	-	85,000
<b>Total liabilities</b>	<b>1,767,849</b>	<b>10</b>	<b>1,767,859</b>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Net assets</b>			
Invested in capital assets, net of related debt	705,071	3,379	708,450
Restricted for:			
State categorical aid	8,754	-	8,754
Management levy	42,878	-	42,878
Physical plant and equipment levy	74,618	-	74,618
Other special revenue purposes	22,466	-	22,466
Local option sales tax capital projects	181,453	-	181,453
Debt service	14,938	-	14,938
Unrestricted	<u>(95,942)</u>	<u>(13,173)</u>	<u>(109,115)</u>
<b>Total net assets</b>	<u>954,236</u>	<u>(9,794)</u>	<u>944,442</u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	768,239	70,487	151,455	-
Special	306,403	40,616	-	-
Other	165,930	82,751	23,097	-
	<u>1,240,572</u>	<u>193,854</u>	<u>174,552</u>	<u>-</u>
Support services:				
Student	37,571	-	-	-
Instructional staff	37,954	-	-	-
Administration	218,162	-	-	-
Operation and maintenance of plant	200,234	1,825	-	-
Transportation	80,180	-	-	-
	<u>574,101</u>	<u>1,825</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	55,280	-	-	-
Long-term debt interest	9,541	-	-	-
AEA flowthrough	53,183	-	53,183	-
Depreciation (unallocated)*	37,096	-	-	-
	<u>155,100</u>	<u>-</u>	<u>53,183</u>	<u>-</u>
Total governmental activities	1,969,773	195,679	227,735	-
Business type activities:				
Non-instructional programs:				
Food service operations	63,870	28,801	29,227	-
Total	<u>2,033,643</u>	<u>224,480</u>	<u>256,962</u>	<u>-</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

**Change in net assets**

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(546,297)	-	(546,297)
(265,787)	-	(265,787)
(60,082)	-	(60,082)
<u>(872,166)</u>	<u>-</u>	<u>(872,166)</u>
(37,571)	-	(37,571)
(37,954)	-	(37,954)
(218,162)	-	(218,162)
(198,409)	-	(198,409)
(80,180)	-	(80,180)
<u>(572,276)</u>	<u>-</u>	<u>(572,276)</u>
(55,280)	-	(55,280)
(9,541)	-	(9,541)
-	-	-
(37,096)	-	(37,096)
<u>(101,917)</u>	<u>-</u>	<u>(101,917)</u>
(1,546,359)	-	(1,546,359)
-	(5,842)	(5,842)
<u>(1,546,359)</u>	<u>(5,842)</u>	<u>(1,552,201)</u>
821,571	-	821,571
84,838	-	84,838
58,734	-	58,734
74,743	-	74,743
85,855	-	85,855
521,135	-	521,135
21,715	1	21,716
11,685	-	11,685
<u>1,680,276</u>	<u>1</u>	<u>1,680,277</u>
133,917	(5,841)	128,076
820,319	(3,953)	816,366
<u>954,236</u>	<u>(9,794)</u>	<u>944,442</u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2007

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments:			
ISCAP	557,890	-	557,890
Other	-	145,925	145,925
Receivables:			
Property tax:			
Delinquent	14,785	3,947	18,732
Succeeding year	773,366	150,500	923,866
Accounts	750	-	750
Accrued interest - ISCAP	6,492	-	6,492
Interfund receivable	6,357	180,028	186,385
Prepaid expenses	62	-	62
Due from other governments	165,358	23,863	189,221
	<u>1,525,060</u>	<u>504,263</u>	<u>2,029,323</u>
<b>Total assets</b>			
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	99,847	2,649	102,496
Interfund payable	172,309	-	172,309
ISCAP warrants payable	559,000	-	559,000
ISCAP accrued interest payable	4,560	-	4,560
ISCAP premium	3,166	-	3,166
Deferred revenue:			
Succeeding year property tax	773,366	150,500	923,866
Other	74,805	-	74,805
Total liabilities	<u>1,687,053</u>	<u>153,149</u>	<u>1,840,202</u>
Fund balances:			
Reserved for:			
State categorical aid	8,754	-	8,754
Debt service	-	15,489	15,489
Unreserved reported in:			
General fund	(170,747)	-	(170,747)
Special revenue funds	-	154,172	154,172
Capital projects funds	-	181,453	181,453
Total fund balances	<u>(161,993)</u>	<u>351,114</u>	<u>189,121</u>
	<u>1,525,060</u>	<u>504,263</u>	<u>2,029,323</u>
<b>Total liabilities and fund balances</b>			

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

June 30, 2007

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	189,121
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	865,071
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	74,805
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(551)
Long-term liabilities, including bonds payable, and termination benefits payable are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(174,210)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>954,236</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	General Fund \$	Nonmajor Governmental Funds \$	Total \$
Revenues:			
Local sources:			
Local tax	836,801	274,720	1,111,521
Tuition	87,066	-	87,066
Other	56,404	85,609	142,013
State sources	696,658	14,797	711,455
Federal sources	52,212	-	52,212
Total revenues	<u>1,729,141</u>	<u>375,126</u>	<u>2,104,267</u>
Expenditures:			
Current:			
Instruction:			
Regular	746,777	-	746,777
Special	306,403	-	306,403
Other	77,635	86,596	164,231
	<u>1,130,815</u>	<u>86,596</u>	<u>1,217,411</u>
Support services:			
Student	37,571	-	37,571
Instructional staff	21,200	15,382	36,582
Administration	212,744	1,349	214,093
Operation and maintenance of plant	168,236	30,388	198,624
Transportation	84,624	-	84,624
	<u>524,375</u>	<u>47,119</u>	<u>571,494</u>
Other expenditures:			
Facilities acquisition	-	55,280	55,280
Long-term debt:			
Principal	-	75,000	75,000
Interest and fiscal charges	-	9,775	9,775
AEA flowthrough	53,183	-	53,183
	<u>53,183</u>	<u>140,055</u>	<u>193,238</u>
Total expenditures	<u>1,708,373</u>	<u>273,770</u>	<u>1,982,143</u>
Net change in fund balances	20,768	101,356	122,124
Fund balances beginning of year	<u>(182,761)</u>	<u>249,758</u>	<u>66,997</u>
Fund balances end of year	<u>(161,993)</u>	<u>351,114</u>	<u>189,121</u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the  
Statement of Activities

Year ended June 30, 2007

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		122,124
<b><i>Amounts reported for governmental activities in the Statement of Activities are different because:</i></b>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:		
Expenditures for capital assets	5,000	
Depreciation expense	<u>(53,654)</u>	(48,654)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.		(577)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		75,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.		234
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits		<u>(14,210)</u>
<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>133,917</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2007

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Inventories	913
Capital assets, net of accumulated depreciation	<u>3,379</u>
<b>Total assets</b>	<u>4,292</u>
<b>Liabilities</b>	
Accounts payable	10
Interfund payables	<u>14,076</u>
<b>Total liabilities</b>	<u>14,086</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	3,379
Unrestricted	<u>(13,173)</u>
<b>Total net assets</b>	<u><u>(9,794)</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>28,801</u>
Operating expenses:	
Non-instructional programs:	
Salaries	21,292
Benefits	13,669
Purchased services	43
Supplies	27,761
Depreciation	1,105
	<u>63,870</u>
Operating gain (loss)	<u>(35,069)</u>
Non-operating revenues:	
State sources	654
Federal sources	28,573
Interest income	1
Total non-operating revenues	<u>29,228</u>
Change in net assets	(5,841)
Net assets beginning of year	<u>(3,953)</u>
Net assets end of year	<u><u>(9,794)</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2007

	Nonmajor School Nutrition
	\$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	28,801
Cash payments to employees for services	(34,961)
Cash payments to suppliers for goods or services	(22,775)
Net cash used by operating activities	<u>(28,935)</u>
Cash flows from non-capital financing activities:	
Loans from other funds	4,819
State grants received	654
Federal grants received	23,461
Net cash provided by non-capital financing activities	<u>28,934</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>1</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u><u>-</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(35,069)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	5,112
Depreciation	1,105
Decrease (increase) in inventories	(93)
(Decrease) increase in accounts payable	<u>10</u>
Net cash used in operating activities	<u><u>(28,935)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2007, the District received \$5,112 of federal commodities.

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2007

	Agency - Crystal Lake Public Library
	<u>\$</u>
<b>Assets</b>	
Cash and pooled investments	20,919
Prepaid expenses	<u>51</u>
<b>Total assets</b>	<u>20,970</u>
<b>Liabilities</b>	
Due to other governments	<u>20,970</u>
<b>Net assets</b>	<u><u>-</u></u>

# WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2007

### 1. Summary of Significant Accounting Policies

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

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

#### A. Reporting Entity

For financial reporting purposes, Woden-Crystal Lake Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Woden-Crystal Lake Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

#### B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental fund:

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

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

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

#### D. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-40 years
Improvements other than buildings	10-30 years
Furniture and equipment	5-20 years

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

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

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

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

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

### 2. **Cash and Pooled Investments**

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

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

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

### 3. **Interfund Receivables and Payables**

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

Receivable Fund	Payable Fund	Amount
		\$
Nonmajor Governmental, PPEL Fund	General Fund	26,140
Nonmajor Governmental, Capital Projects Fund	General Fund	140,000
Nonmajor Governmental, Student Activity Fund	General Fund	6,169
Nonmajor Governmental, Capital Projects Fund	Enterprise, School Nutrition Fund	7,719
General Fund	Enterprise, School Nutrition Fund	6,357

The loans from the PPEL and Capital Projects Funds to the General Fund and School Nutrition Fund are for cash flow. The loan from the General Fund to the School Nutrition Fund represents Nutrition Fund salaries that were paid from the General Fund, but not reimbursed at June 30, 2007. The loans are expected to be repaid during the upcoming year.

#### 4. Iowa School Cash Anticipation Program (ISCAP)

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

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2006-07A	6/28/06	6/28/07	-	1,127	-	-
2006-07B	1/26/07	1/25/08	233,403	5,268	234,000	4,477
2007-08A	6/27/07	6/27/08	324,487	97	325,000	83
Total			<u>557,890</u>	<u>6,492</u>	<u>559,000</u>	<u>4,560</u>

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

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	70,000	70,000	-

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

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

## 5. Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	5,305	-	-	5,305
Capital assets being depreciated:				
Buildings	1,532,611	-	-	1,532,611
Improvements other than buildings	190,187	-	-	190,187
Furniture and equipment	508,313	5,000	-	513,313
Total capital assets being deprec.	<u>2,231,111</u>	<u>5,000</u>	<u>-</u>	<u>2,236,111</u>
Less accumulated depreciation for:				
Buildings	687,711	34,337	-	722,048
Improvements other than buildings	171,912	2,759	-	174,671
Furniture and equipment	463,068	16,558	-	479,626
Total accumulated depreciation	<u>1,322,691</u>	<u>53,654</u>	<u>-</u>	<u>1,376,345</u>
Total capital assets being depreciated, net	<u>908,420</u>	<u>(48,654)</u>	<u>-</u>	<u>859,766</u>
Governmental activities capital assets, net	<u>913,725</u>	<u>(48,654)</u>	<u>-</u>	<u>865,071</u>
	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	49,186	-	-	49,186
Less accumulated depreciation	<u>44,702</u>	<u>1,105</u>	<u>-</u>	<u>45,807</u>
Business type activities capital assets, net	<u>4,484</u>	<u>(1,105)</u>	<u>-</u>	<u>3,379</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	7,252
Other	1,699
Support services:	
Instructional staff services	1,372
Administration services	4,069
Operation and maintenance of plant services	1,610
Transportation	556
	16,558
Unallocated depreciation	37,096
Total depreciation expense – governmental activities	53,654
Business type activities:	
Food services	1,105

## 6. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	235,000	-	75,000	160,000	75,000
Termination benefits	-	14,210	-	14,210	14,210
	235,000	14,210	75,000	174,241	89,210

### Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least ten years of service to the District and must be between the ages of fifty-five and sixty-two 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.

Early retirement benefits are equal to 100% of the difference between the employee's position on the salary schedule and BA Step 4.

Early retirement benefits will be paid in during the next fiscal year.

At June 30, 2007, the District has obligations to one participant with a total liability of \$14,241.

### General Obligation Bonds Payable

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

November 1, 2001 Refunding Issue				
Year Ending June 30	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2008	4.00	75,000	6,612	81,612
2009	4.25	85,000	3,611	88,611
		160,000	10,223	170,223

**7. Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 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 \$48,865, \$47,956, and \$50,006 respectively, equal to the required contributions for each year.

**8. Risk Management**

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

**9. 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 \$53,183 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.

**10. Financial Condition**

The General Fund has a \$163,335 unreserved fund deficit and the School Nutrition Fund has an unrestricted net assets deficit of \$13,173 at June 30, 2007.

**11. Lease Commitment**

The District entered into a five-year contract to lease copy machines in 2007. The remaining payments the District will make over the next five years are as follows:

Year Ended June 30	Lease Payment
	\$
2008	7,932
2009	7,932
2010	7,932
2011	7,932
2012	7,932

REQUIRED SUPPLEMENTARY INFORMATION

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	1,340,600	28,802	1,369,402	1,331,689	1,331,689	37,713
State sources	711,455	654	712,109	692,684	692,684	19,425
Federal sources	52,212	28,573	80,785	83,873	83,873	(3,088)
Total revenues	<u>2,104,267</u>	<u>58,029</u>	<u>2,162,296</u>	<u>2,108,246</u>	<u>2,108,246</u>	<u>54,050</u>
Expenditures:						
Instruction	1,217,411	-	1,217,411	1,218,999	1,218,999	1,588
Support services	571,494	-	571,494	533,699	533,699	(37,795)
Non-instructional programs	-	63,870	63,870	210,480	210,480	146,610
Other expenditures	193,238	-	193,238	221,315	221,315	28,077
Total expenditures	<u>1,982,143</u>	<u>63,870</u>	<u>2,046,013</u>	<u>2,184,493</u>	<u>2,184,493</u>	<u>138,480</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	122,124	(5,841)	116,283	(76,247)	(76,247)	192,530
Balance beginning of year	<u>66,997</u>	<u>(3,953)</u>	<u>63,044</u>	<u>112,150</u>	<u>112,150</u>	<u>(49,106)</u>
Balance end of year	<u><u>189,121</u></u>	<u><u>(9,794)</u></u>	<u><u>179,327</u></u>	<u><u>35,903</u></u>	<u><u>35,903</u></u>	<u><u>143,424</u></u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2007

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District did not amend its budget during the year.

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

OTHER SUPPLEMENTARY INFORMATION

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2007

Assets	Special Revenue Funds					Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Capital Projects	Debt Service	
	\$	\$	\$	\$	\$	
Cash and pooled investments	55,919	18,775	47,507	9,871	13,853	145,925
Receivables:						
Property tax:						
Delinquent	1,169	-	1,142	-	1,636	3,947
Succeeding year	50,000	-	58,887	-	41,613	150,500
Interfund receivable	-	6,169	26,140	147,719	-	180,028
Due from other governments	-	-	-	23,863	-	23,863
<b>Total assets</b>	<u>107,088</u>	<u>24,944</u>	<u>133,676</u>	<u>181,453</u>	<u>57,102</u>	<u>504,263</u>
<b>Liabilities &amp; Fund Balances</b>						
Liabilities:						
Accounts payable	-	2,478	171	-	-	2,649
Deferred revenue:						
Succeeding year property tax	50,000	-	58,887	-	41,613	150,500
Total liabilities	<u>50,000</u>	<u>2,478</u>	<u>59,058</u>	<u>-</u>	<u>41,613</u>	<u>153,149</u>
Fund balances:						
Reserved for debt service	-	-	-	-	15,489	15,489
Unreserved reported in:						
Special revenue funds	57,088	22,466	74,618	-	-	154,172
Capital projects funds	-	-	-	181,453	-	181,453
Total fund balances	<u>57,088</u>	<u>22,466</u>	<u>74,618</u>	<u>181,453</u>	<u>15,489</u>	<u>351,114</u>
<b>Total liabilities and fund balances</b>	<u>107,088</u>	<u>24,944</u>	<u>133,676</u>	<u>181,453</u>	<u>57,102</u>	<u>504,263</u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	Special Revenue Funds					Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Capital Projects	Debt Service	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	60,090	-	58,734	71,058	84,838	274,720
Other	329	82,751	897	1,202	430	85,609
State sources	-	-	-	14,797	-	14,797
Total revenues	<u>60,419</u>	<u>82,751</u>	<u>59,631</u>	<u>87,057</u>	<u>85,268</u>	<u>375,126</u>
Expenditures:						
Current:						
Instruction:						
Other	-	86,596	-	-	-	86,596
Support services:						
Instructional staff	-	-	15,382	-	-	15,382
Administration	1,349	-	-	-	-	1,349
Operation & maintenance of plant	30,388	-	-	-	-	30,388
Other expenditures:						
Facilities acquisition	-	-	20,199	35,081	-	55,280
Long-term debt:						
Principal	-	-	-	-	75,000	75,000
Interest and fiscal charges	-	-	-	-	9,775	9,775
Total expenditures	<u>31,737</u>	<u>86,596</u>	<u>35,581</u>	<u>35,081</u>	<u>84,775</u>	<u>273,770</u>
Net change in fund balances	28,682	(3,845)	24,050	51,976	493	101,356
Fund balances beginning of year	<u>28,406</u>	<u>26,311</u>	<u>50,568</u>	<u>129,477</u>	<u>14,996</u>	<u>249,758</u>
Fund balances end of year	<u><u>57,088</u></u>	<u><u>22,466</u></u>	<u><u>74,618</u></u>	<u><u>181,453</u></u>	<u><u>15,489</u></u>	<u><u>351,114</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

<u>Account</u>	Balance Beginning of Year <u>          </u> \$	Revenues <u>          </u> \$	Expenditures <u>          </u> \$	Balance End of Year <u>          </u> \$
Interest	-	329	-	329
Designated fund balance	1,100	100	237	963
Student activities	1,778	770	364	2,184
Athletic resale	1,257	16,631	26,637	(8,749)
Athletics	5,441	27,684	22,316	10,809
Designated fund balance	30	-	-	30
Elementary music club	3,833	-	-	3,833
Flag team	1,475	853	1,314	1,014
Summer recreation	1,838	2,272	2,286	1,824
Cheerleaders	(1,447)	5,071	4,981	(1,357)
Music	(429)	100	-	(329)
Sound system	-	-	2,108	(2,108)
Student council	4,245	4,525	4,203	4,567
Honor society	(123)	-	132	(255)
Drama	(1,445)	9,973	9,013	(485)
Class of 2007	3,521	935	1,995	2,461
Class of 2008	2,561	5,909	5,277	3,193
Class of 2009	3,008	1,800	1,300	3,508
Class of 2010	-	1,154	450	704
Class of 2011	-	1,241	-	1,241
Designated Annual	(332) -	196 3,208	- 3,983	(136) (775)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>26,311</u>	<u>82,751</u>	<u>86,596</u>	<u>22,466</u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund - City of Crystal Lake Public Library

Year ended June 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	\$	\$	\$	\$
<b>Assets</b>				
Cash	16,141	17,252	12,474	20,919
Prepaid expenses	-	51	-	51
Total assets	<u>16,141</u>	<u>17,303</u>	<u>12,474</u>	<u>20,970</u>
<b>Liabilities</b>				
Accounts payable	1,319	-	1,319	-
Due to other governments	14,822	17,252	11,104	20,970
Total liabilities	<u>16,141</u>	<u>17,252</u>	<u>12,423</u>	<u>20,970</u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,111,521	1,026,500	1,044,234	1,025,279
Tuition	87,066	77,493	85,940	96,848
Other	142,013	172,967	118,937	114,480
State sources	711,455	729,641	645,672	708,702
Federal sources	52,212	62,566	68,195	67,650
Total revenues	<u>2,104,267</u>	<u>2,069,167</u>	<u>1,962,978</u>	<u>2,012,959</u>
Expenditures:				
Instruction:				
Regular	746,777	784,451	787,915	840,820
Special	306,403	288,030	318,029	239,764
Other	164,231	165,440	130,625	127,864
Support services:				
Student	37,571	30,711	33,282	36,345
Instructional staff	36,582	19,526	27,699	47,093
Administration	214,093	226,946	193,670	216,073
Operation and maintenance of plant	198,624	178,742	163,878	168,398
Transportation	84,624	102,459	73,580	90,122
Other expenditures:				
Facilities acquisition	55,280	76,315	100,459	40,095
Long-term debt:				
Principal	75,000	70,000	67,131	68,016
Interest and other charges	9,775	12,243	14,176	16,740
AEA flowthrough	53,183	51,795	51,615	53,419
Total expenditures	<u>1,982,143</u>	<u>2,006,658</u>	<u>1,962,059</u>	<u>1,944,749</u>

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

To the Board of Education of  
Woden-Crystal Lake Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Woden-Crystal Lake Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 12, 2008. 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 Woden-Crystal Lake Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Woden-Crystal Lake Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woden-Crystal Lake Community School District's internal control over financial reporting.

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

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

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

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

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

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

March 12, 2008

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2007

Part I: Findings Related to the Financial Statements:

Significant deficiencies:

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

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

District Response: The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises. The District does perform internal audit checks as a check against the limited number of personnel.

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting:

07-II-A Certified Budget: Expenditures for the year ended June 30, 2007, exceeded the amount budgeted in the support services function.

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

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

Conclusion: Response accepted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u> \$
Susan Lewerke, Superintendent, spouse is owner of State Street Auto	Used auto	5,000

The transaction with the spouse of the superintendent does not appear to represent a conflict of interest.

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

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

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

07-II-H Deposits and Investments: 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 were noted, except a resolution naming official depositories has not been approved by the District.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2007

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

Recommendation: A resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted in accordance with Chapter 12C of the Code of Iowa.

District Response: We will adopt a resolution.

Conclusion: Response accepted.

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

07-II-J Financial Condition: The General Fund has an unreserved, undesignated fund deficit of \$163,335 and the School Nutrition Fund had a \$13,173 deficit unrestricted net assets balance at June 30, 2007. The Student Activity Fund also has several accounts with deficit balances at June 30, 2007.

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

District Response: We are working on ways to eliminate these deficits.

Conclusion: Response accepted.

07-II-K Physical Plant and Equipment Levy Fund: The Physical Plant and Equipment property tax levy may be used for building construction and repairs, grounds improvements and the purchase or lease of equipment with a per unit cost exceeding \$500. We noted that expenditures from this fund included approximately \$4,200 for equipment costing less than \$500 per unit, toner, software and equipment repairs. These items are not allowable from the PPEL Fund.

Recommendation: The District should be aware of the limitation on types of expenditures allowed from this fund.

District Response: We will monitor future expenditures from this fund.

Conclusion: Response accepted.