

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2008

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

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CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
 Officials
 June 30, 2008

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2007 Election)		
Todd Rohling	Board President	2008
Nancy Kelting	Board Member	2007
Kimberly Kay	Board Member	2007
Dean Bousselet	Board Member	2008
Bret Dosland	Board Member	2008
Jan Muhl	Board Member	2009
Shelley Weiss	Board Member	2009
(After September 2007 Election)		
Todd Rohling	Board President	2008
Dean Bousselet	Board Member	2008
Bret Dosland	Board Member	2008
Jan Muhl	Board Member	2009
Shelley Weiss	Board Member	2009
Nancy Kelting	Board Member	2010
Kimberly Kay	Board Member	2010
School Officials		
Charles Freese	Superintendent	2008
Marika Pewe	District Secretary/Treasurer	Indefinite
Lane & Waterman	Attorney	Indefinite

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report

To the Board of Education
Calamus Wheatland Community School District

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Calamus Wheatland Community School District, Wheatland, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Calamus Wheatland Community School District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated February 19, 2009 on my consideration of Calamus Wheatland Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and 42 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calamus Wheatland Community School District's basic financial statements. Other supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. I 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, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. In my opinion, the information set forth in the supplementary information for each of the four years in the period ended June 30, 2008, appearing in Schedule 4, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 19, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Calamus Wheatland 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, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,311,567 in fiscal 2007 to \$4,572,061 in fiscal 2008, while General Fund expenditures increased from \$4,273,341 in fiscal 2007 to \$4,549,494 in fiscal 2008. The District's General Fund balance increased from \$685,428 in fiscal 2007 to \$721,090 in fiscal 2008, a 5% increase.
- The main reason for the increase in revenue was in open enrollment, state foundation aid, and teacher quality programs. Open enrollment revenue increased from \$314,521 in FY07 to \$351,627 in FY08 or 11%. State foundation aid revenue increased from \$1,965,618 in FY07 to \$2,124,724 in FY08 or 8% primarily through the funding formula. Teacher quality program revenue increased from \$118,041 in FY07 to \$165,222 in FY08 or 39%. These should agree with the amounts shown on Figure A-4 under unrestricted state grants.
- The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures.

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 Calamus Wheatland 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 Calamus Wheatland 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 Calamus Wheatland Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Other Supplementary Information provides detailed information about the nonmajor Governmental Funds.

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

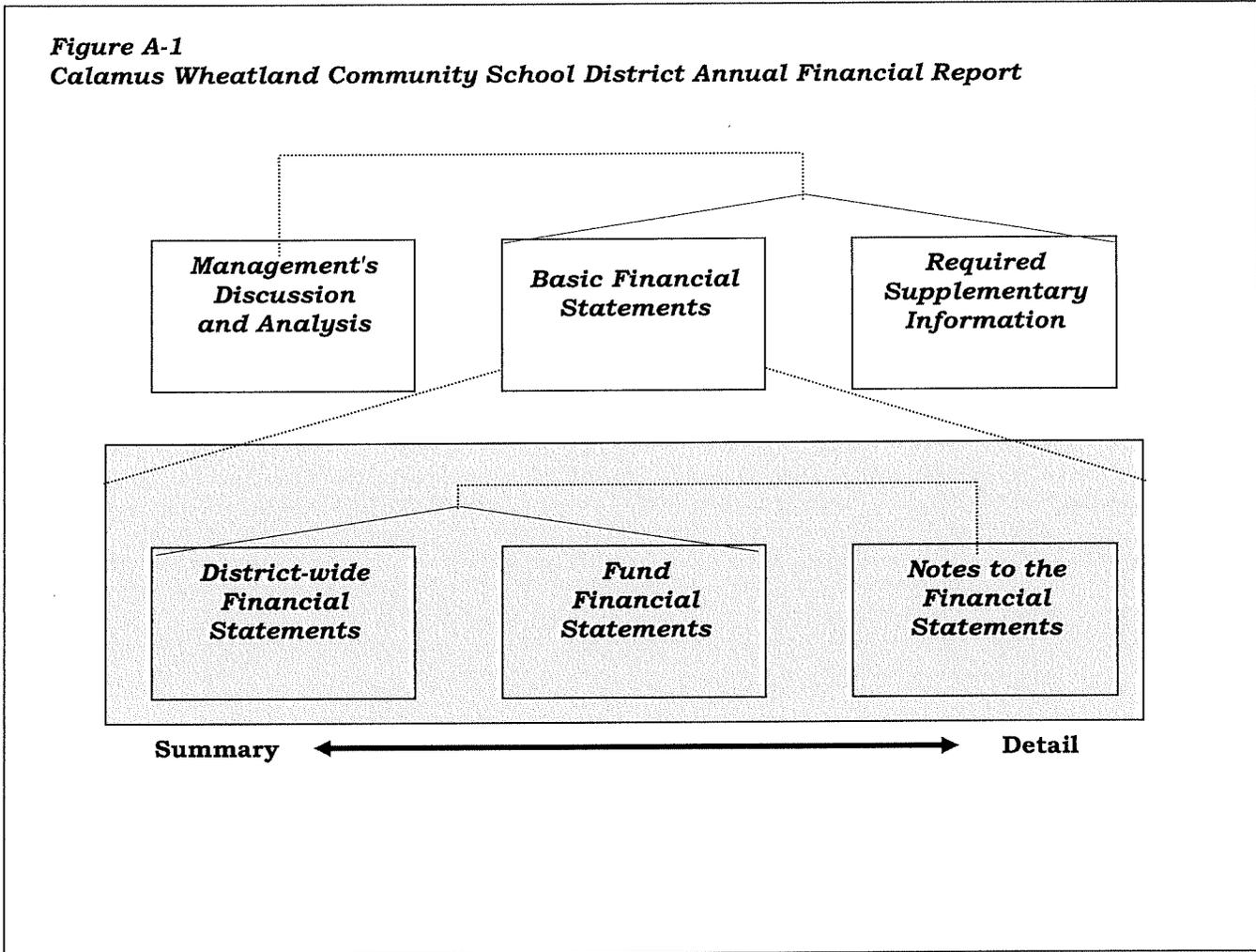


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has 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 also account for the District's internal service fund, which is an accounting device used to accumulate and allocate costs internally among the District's various functions. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, is the same as its business type activity, but provides more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund and one internal service fund, Flex-benefit 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 fund*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3

	Condensed Statement of Net Assets						
	Governmental		Business type		Total		Total
	Activities		Activities		School District		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2007-2008</u>	
Current and other assets	\$ 3,646,775	\$ 3,598,719	\$ 25,878	\$ 35,228	\$ 3,672,653	\$ 3,633,947	1.07%
Capital assets	<u>6,277,113</u>	<u>6,367,071</u>	<u>15,750</u>	<u>22,642</u>	<u>6,292,863</u>	<u>6,389,713</u>	-1.52%
Total assets	<u>9,923,888</u>	<u>9,965,790</u>	<u>41,628</u>	<u>57,870</u>	<u>9,965,516</u>	<u>10,023,660</u>	-0.58%
Long-term liabilities	2,262,000	2,781,738	-	-	2,262,000	2,781,738	-18.68%
Other liabilities	<u>2,338,695</u>	<u>2,354,817</u>	<u>14,153</u>	<u>13,739</u>	<u>2,352,848</u>	<u>2,368,556</u>	-0.66%
Total liabilities	<u>4,600,695</u>	<u>5,136,555</u>	<u>14,153</u>	<u>13,739</u>	<u>4,614,848</u>	<u>5,150,294</u>	-10.40%
Net assets							
Invested in capital assets, net of related debt	4,015,113	3,585,333	15,750	22,642	4,030,863	3,607,975	11.72%
Restricted	362,066	340,564	-	-	362,066	340,564	6.31%
Unrestricted	<u>946,014</u>	<u>903,338</u>	<u>11,725</u>	<u>21,489</u>	<u>957,739</u>	<u>924,827</u>	3.56%
Total net assets	<u>\$ 5,323,193</u>	<u>\$ 4,829,235</u>	<u>\$ 27,475</u>	<u>\$ 44,131</u>	<u>\$ 5,350,668</u>	<u>\$ 4,873,366</u>	9.79%

The District's combined net assets increased by approximately 10%, or \$477,302 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 \$21,502, or approximately 6% over the prior year. This was primarily a result of larger cash balances and decreased expenditures in the Management Fund and the Capital Projects Fund.

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 \$32,912, or approximately 4%. This increase in unrestricted net assets was due to increases in revenue in the form of contributions and donations, unrestricted state grants, and the other category including compensation for loss of fixed assets.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to the year ended June 30, 2007.

Figure A-4

	Change in Net Assets						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2008	2007	2008	2007	2008	2007	2007-2008
Revenues							
Program revenues							
Charges for service	\$ 467,871	\$ 558,328	\$ 128,641	\$ 125,793	\$ 596,512	\$ 684,121	-12.81%
Operating grants	635,001	553,305	101,836	107,389	736,837	660,694	11.52%
General revenues							
Property tax	1,914,784	2,035,677	-	-	1,914,784	2,035,677	-5.94%
Local option sales and service tax	373,909	393,906	-	-	373,909	393,906	-5.08%
Unrestricted state grants	2,124,724	1,965,618	-	-	2,124,724	1,965,618	8.09%
Unrestricted investment earnings	37,166	43,583	123	142	37,289	43,725	-14.72%
Contributions and donations	19,529	15,032	-	-	19,529	15,032	29.92%
Other	<u>21,822</u>	<u>10,453</u>	<u>-</u>	<u>-</u>	<u>21,822</u>	<u>10,453</u>	108.76%
Total revenues	<u>5,594,806</u>	<u>5,575,902</u>	<u>230,600</u>	<u>233,324</u>	<u>5,825,406</u>	<u>5,809,226</u>	0.28%
Program expenses							
Governmental activities							
Instruction	3,184,561	3,002,179	-	-	3,184,561	3,002,179	6.07%
Support services	1,419,479	1,350,915	-	-	1,419,479	1,350,915	5.08%
Non-instructional programs	6,309	116,585	247,256	233,386	253,565	349,971	-27.55%
Other expenses	<u>490,499</u>	<u>500,893</u>	<u>-</u>	<u>-</u>	<u>490,499</u>	<u>500,893</u>	-2.08%
Total expenses	<u>5,100,848</u>	<u>4,970,572</u>	<u>247,256</u>	<u>233,386</u>	<u>5,348,104</u>	<u>5,203,958</u>	2.77%
Increase in net assets	<u>\$ 493,958</u>	<u>\$ 605,330</u>	<u>\$ (16,656)</u>	<u>\$ (62)</u>	<u>\$ 477,302</u>	<u>\$ 605,268</u>	-21.14%

In fiscal 2008, property and sales tax and unrestricted state grants account for 78% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99% of the revenue from business type activities.

The District's total revenues were \$5,825,406 of which \$5,594,806 was for governmental activities and \$230,600 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a .28% increase in revenues and a 2.77% increase in expenses. Unrestricted state grants increased \$159,106 to fund increases in expenditures. The increases in expenses related to increases in the negotiated salary and benefits as well as increases in expenses funded by grants received by the District.

Governmental Activities

Revenues for governmental activities were \$5,594,806 and expenses were \$5,100,848 during the year ended June 30, 2008. 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, for the year ended June 30, 2008 compared to the year ended June 30, 2007.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-2008	2008	2007	Change 2007-2008
Instruction	\$ 3,184,561	\$ 3,002,179	6.1%	\$ 2,274,883	\$ 2,064,587	10.2%
Support services	1,419,479	1,350,915	5.1%	1,405,963	1,343,023	4.7%
Non-instructional programs	6,309	116,585	-94.6%	6,309	116,585	-94.6%
Other expenses	490,499	500,893	-2.1%	310,821	334,744	-7.1%
Total expenses	\$ 5,100,848	\$ 4,970,572	2.6%	\$ 3,997,976	\$ 3,858,939	3.6%

For the year ended June 30, 2008:

- The cost financed by users of the District's programs was \$467,871.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$635,001.
- The net cost of governmental activities was financed with \$1,914,784 in property taxes and \$2,124,724 in unrestricted state grants.

Business Type Activities

Revenues for business type activities for the year ended June 30, 2008 were \$230,600, representing a 1% decrease from the prior year and expenses were \$247,256, a 5% increase over the prior year. 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.

During the year ended June 30, 2008, the District did not increase meal prices. The District considers meal price increases only when deemed necessary to meet the obligations of the School Nutrition Fund. There was an increase in student paid lunches but decreases in free and reduced breakfasts and lunches and student paid breakfasts. Federal reimbursements decreased for the year by 5% from \$104,001 in FY07 to \$98,581 in FY08. Expenditures for supplies, including costs for food, increased 7% from \$106,470 in FY07 to \$114,862 in FY08.

INDIVIDUAL FUND ANALYSIS

As previously noted, Calamus Wheatland 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 \$1,046,976, above last year's ending fund balances of \$989,776. The primary reason for the increase in combined fund balances in fiscal 2008 is due to increased revenue from open enrollment and state aid.

Governmental Fund Highlights

- The District's growth of the General Fund financial position is the product of several factors. Growth during the year in revenue, as a whole, more than offset the District's increase in General Fund expenditures allowing the District to grow carryover fund balances to meet its financial obligations during the coming years.
- The General Fund balance increased from \$685,428 to \$721,090, due in part to the negotiated salary and benefits settlement being more than offset by an increase in state aid, property tax and open enrollment revenue.
- The Debt Service Fund balance decreased slightly from \$(36,216) in 2007 to \$(36,180) in 2008. The amount is a result of fees from when construction and remodeling building project bonds were refinanced in 2001. The revenues will even out the deficit over the life of the bonds.

Proprietary Fund Highlights

Enterprise Fund net assets decreased from \$44,131 at June 30, 2007 to \$27,475 at June 30, 2008, representing a decrease of approximately 37%. The District reviews this fund annually and makes adjustments to the lunch fees as necessary.

BUDGETARY HIGHLIGHTS

Over the course of the year, Calamus Wheatland Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with computer purchases, increased utility costs, year-end adjustments, and the Activity Center building interest and principal payments that that were not known at the time the budget was certified.

The District's revenues were \$200,720 more than budgeted revenues, a variance of approximately 3%. Revenues actually received were higher than budgeted in the following categories: teacher quality-\$159,000, special education deficit-\$11,735, interest-\$28,927, open enrollment and special education tuition-\$351,627 and Medicaid-\$12,347.

Total expenditures were \$116,603 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at a reasonably higher amount but less than 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 and non-instructional programs functional areas due in part to the depreciation expense within the School Nutrition Fund not being accounted for when the budget amendment was prepared. The non-instructional program budget was exceeded in part to adding a full-time librarian, computer purchases, higher than budgeted repair costs and fuel costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$6,292,863, 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 approximately 2% 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 \$253,093.

The original cost of the District's capital assets was \$10,546,144. Governmental funds account for \$10,456,342, with the remainder of \$89,802 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category. The District's furniture and equipment totaled \$257,764 at June 30, 2008 compared to \$208,184 at June 30, 2007 due to the purchase of computers, security cameras, a car and a bus.

Figure A-6

	Capital Assets, Net of Depreciation						
	Governmental		Business type		Total		Total
	Activities		Activities		School District		
	2008	2007	2008	2007	2008	2007	2007-2008
Land	\$ 260,444	\$ 260,444	\$ -	\$ -	\$ 260,444	\$ 260,444	0.00%
Buildings and improvements	5,446,245	5,564,250	-	-	5,446,245	5,564,250	-2.12%
Improvements, other than buildings	312,660	334,193	15,750	22,642	328,410	356,835	-7.97%
Furniture and equipment	257,764	208,184	-	-	257,764	208,184	23.82%
Totals	<u>\$6,277,113</u>	<u>\$6,367,071</u>	<u>\$15,750</u>	<u>\$22,642</u>	<u>\$6,292,863</u>	<u>\$6,389,713</u>	-1.52%

Long-Term Debt

At June 30, 2008, the District had \$2,262,000 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 19% from last year. (See Figure A-7) This decrease was due to payments of principal and interest on previously issued debt. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Figure A-7

	Outstanding Long-term Obligations		
	Total		Total
	School District		
	2008	2007	2007-
General obligation bonds	\$ 1,780,000	\$ 2,035,000	-12.53%
Revenue anticipation notes	<u>482,000</u>	<u>746,738</u>	-35.45%
Totals	<u>\$ 2,262,000</u>	<u>\$ 2,781,738</u>	-18.68%

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:

- Although the District had experienced stable enrollment for the past few years, the District expects a decrease in enrollment due to smaller graduating classes and then a decline with several larger graduating classes.
- The District continually evaluates the condition of its vehicle fleet. Due to increased miles on cars, the District will pursue replacing vehicles with funds available in the Physical Plant and Equipment Levy Fund.

- The District negotiates with the Calamus Wheatland Education Association on an annual basis. The negotiated wage and benefit package with health insurance benefits have continued to increase over the past years. Settlements in excess of “new money” or allowable growth in state funding will have an adverse effect on the District’s General Fund budget and related fund balance.

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 Marika Pewe, District Secretary/Treasurer and Business Manager, Calamus Wheatland Community School District, 110 East Park Road, PO Box 279, Wheatland, Iowa, 52777.

Basic Financial Statements

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

Exhibit A

Assets	Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,544,634	\$ 23,541	\$ 1,568,175
Receivables			
Property tax			
Delinquent	34,688	-	34,688
Succeeding year	1,825,719	-	1,825,719
Accounts receivable	39,451	356	39,807
Accrued interest	1,716	-	1,716
Income surtax	108,312	-	108,312
Due from other governments	92,255	-	92,255
Inventories	-	1,981	1,981
Non-depreciable capital assets	260,444	-	260,444
Capital assets, net of accumulated depreciation	<u>6,016,669</u>	<u>15,750</u>	<u>6,032,419</u>
Total assets	<u>9,923,888</u>	<u>41,628</u>	<u>9,965,516</u>
Liabilities			
Accounts payable	137,039	-	137,039
Salaries and benefits payable	369,542	14,153	383,695
Accrued interest payable	6,395	-	6,395
Deferred revenue			
Succeeding year property tax	1,825,719	-	1,825,719
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	265,000	-	265,000
Revenue bonds payable	295,000	-	295,000
Portion due after one year			
General obligation bonds payable	1,515,000	-	1,515,000
Revenue bonds payable	<u>187,000</u>	<u>-</u>	<u>187,000</u>
Total liabilities	<u>4,600,695</u>	<u>14,153</u>	<u>4,614,848</u>
Net Assets			
Invested in capital assets, net of related debt	4,015,113	15,750	4,030,863
Restricted for			
Management levy	7,806	-	7,806
Physical plant and equipment levy	4,505	-	4,505
Other special revenue purposes	41,858	-	41,858
Capital projects	307,897	-	307,897
Unrestricted	<u>946,014</u>	<u>11,725</u>	<u>957,739</u>
Total net assets	<u>\$ 5,323,193</u>	<u>\$ 27,475</u>	<u>\$ 5,350,668</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Exhibit B

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Primary Government	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities						
Instruction						
Regular instruction	\$ 2,082,034	\$ 400,450	\$ 345,793	\$ -	\$ (1,335,791)	\$ (1,335,791)
Special instruction	655,256	59,998	99,468	-	(495,790)	(495,790)
Other instruction	447,271	-	3,969	-	(443,302)	(443,302)
	3,184,561	460,448	449,230	-	(2,274,883)	(2,274,883)
Support services						
Student	121,800	-	6,093	-	(115,707)	(115,707)
Instructional staff	106,419	-	-	-	(106,419)	(106,419)
Administration	474,708	-	-	-	(474,708)	(474,708)
Operation and maintenance of plant	408,521	991	-	-	(407,530)	(407,530)
Transportation	306,405	6,432	-	-	(299,973)	(299,973)
Central support	1,626	-	-	-	(1,626)	(1,626)
	1,419,479	7,423	6,093	-	(1,405,963)	(1,405,963)
	6,309	-	-	-	(6,309)	(6,309)
Non-instructional programs						
Other expenses						
Facilities acquisition	34,123	-	-	-	(34,123)	(34,123)
Long-term debt interest	110,197	-	-	-	(110,197)	(110,197)
AEA flowthrough	179,678	-	179,678	-	-	-
Depreciation (unallocated) *	166,501	-	-	-	(166,501)	(166,501)
	490,499	-	179,678	-	(310,821)	(310,821)
Total governmental activities	5,100,848	467,871	635,001	-	(3,997,976)	(3,997,976)

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
<u>Functions/Programs (continued)</u>	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Business type activities						
Non-instructional programs						
Food service operations	\$ 247,256	\$ 128,641	\$ 101,836	-	\$ (16,779)	\$ (16,779)
Total	<u>\$ 5,348,104</u>	<u>\$ 596,512</u>	<u>\$ 736,837</u>	<u>-</u>	<u>(16,779)</u>	<u>(4,014,755)</u>
<u>General Revenues</u>						
Property tax levied for						
General purposes						1,488,060
Debt service						338,392
Capital outlay						88,332
Local option sales and services tax						373,909
Unrestricted state grants						2,124,724
Contributions and donations						19,529
Unrestricted investment earnings						37,289
Other						21,822
Total general revenues						<u>4,491,934</u>
Change in net assets						<u>493,958</u>
Net assets, beginning of year						<u>4,829,235</u>
Net assets, end of year						<u>\$ 5,323,193</u>

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

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2008

	General	Debt Service	Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments	\$1,118,267	\$ -	\$ 249,937	\$1,368,204
Receivables				
Property tax				
Delinquent	24,856	6,494	3,338	34,688
Succeeding year	1,311,626	339,080	175,013	1,825,719
Accounts receivable	39,050	-	-	39,050
Income surtax	108,312	-	-	108,312
Accrued interest	1,388	-	328	1,716
Due from other governments	26,466	-	65,789	92,255
Due from other fund	-	-	42,674	42,674
Total assets and other debits	<u>\$2,629,965</u>	<u>\$345,574</u>	<u>\$ 537,079</u>	<u>\$3,512,618</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 119,395	\$ -	\$ -	\$ 119,395
Salaries and benefits payable	369,542	-	-	369,542
Due to other fund	-	42,674	-	42,674
Deferred revenue				
Succeeding year property tax	1,311,626	339,080	175,013	1,825,719
Income surtax	108,312	-	-	108,312
Total liabilities	<u>1,908,875</u>	<u>381,754</u>	<u>175,013</u>	<u>2,465,642</u>
Fund balances				
Reserved for				
Market Factor program	4,691	-	-	4,691
Phase II	2,032	-	-	2,032
State Class Size Reduction	270	-	-	270
Professional Development	341	-	-	341
Unreserved, governmental funds	-	(36,180)	307,897	271,717
Unreserved, special revenue funds	713,756	-	54,169	767,925
Total fund balances	<u>721,090</u>	<u>(36,180)</u>	<u>362,066</u>	<u>1,046,976</u>
Total liabilities and fund balances	<u>\$2,629,965</u>	<u>\$345,574</u>	<u>\$ 537,079</u>	<u>\$3,512,618</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2008

Exhibit D

Total fund balances of governmental funds	\$1,046,976
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.	6,277,113
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	108,312
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.	(6,395)
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	159,187
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,262,000)</u>
Net assets of governmental activities	<u>\$5,323,193</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

Exhibit E

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$1,401,951	\$ 338,392	\$ 548,350	\$2,288,693
Tuition	351,627	-	-	351,627
Other	58,759	1,619	122,289	182,667
Intermediate sources	6,093	-	-	6,093
State sources	2,593,318	-	-	2,593,318
Federal sources	160,313	-	-	160,313
Total revenues	<u>4,572,061</u>	<u>340,011</u>	<u>670,639</u>	<u>5,582,711</u>
Expenditures				
Current				
Instruction				
Regular	2,055,982	-	9,649	2,065,631
Special	655,256	-	-	655,256
Other	363,343	-	83,928	447,271
	<u>3,074,581</u>	<u>-</u>	<u>93,577</u>	<u>3,168,158</u>
Support services				
Student	121,254	-	546	121,800
Instructional staff	99,270	-	51,325	150,595
Administration	467,758	-	6,950	474,708
Operation and maintenance of plant	357,696	-	48,861	406,557
Transportation	247,631	-	93,796	341,427
Other support	1,626	-	-	1,626
	<u>1,295,235</u>	<u>-</u>	<u>201,478</u>	<u>1,496,713</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>6,309</u>	<u>6,309</u>
Other expenditures				
Facilities acquisition	-	-	58,854	58,854
Long-term debt				
Principal	-	519,738	-	519,738
Interest and fiscal charges	-	108,156	-	108,156
AEA flowthrough	179,678	-	-	179,678
	<u>179,678</u>	<u>627,894</u>	<u>58,854</u>	<u>866,426</u>
Total expenditures	<u>4,549,494</u>	<u>627,894</u>	<u>360,218</u>	<u>5,537,606</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

Exhibit E

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 22,567	\$(287,883)	\$ 310,421	\$ 45,105
Other financing sources (uses)				
Sale of equipment and materials	12,095	-	-	12,095
Interfund operating transfers in	1,000	287,919	-	288,919
Interfund operating transfers (out)	-	-	(288,919)	(288,919)
Total other financing sources (uses)	<u>13,095</u>	<u>287,919</u>	<u>(288,919)</u>	<u>12,095</u>
Net change in fund balances	35,662	36	21,502	57,200
Fund balance, beginning of year	<u>685,428</u>	<u>(36,216)</u>	<u>340,564</u>	<u>989,776</u>
Fund balance, end of year	<u>\$ 721,090</u>	<u>\$ (36,180)</u>	<u>\$ 362,066</u>	<u>\$ 1,046,976</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2008

Exhibit F

Net change in fund balances - total governmental funds \$ 57,200

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:

Expenditures for capital assets	\$ 156,243	
Depreciation expense	<u>(246,201)</u>	(89,958)

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 9,019

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 519,738

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. (2,041)

Change in net assets of governmental activities \$493,958

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Exhibit G

Statement of Net Assets

Proprietary Funds

June 30, 2008

	Business Type <u>Activity</u>	Governmental <u>Activity</u>
	Nonmajor <u>Enterprise</u>	
	School <u>Nutrition</u>	Internal <u>Service</u>
Assets		
Cash and pooled investments	\$ 23,541	\$176,430
Accounts receivable	356	401
Inventories	1,981	-
Capital assets, net of accumulated depreciation	<u>15,750</u>	<u>-</u>
Total assets	<u>41,628</u>	<u>176,831</u>
Liabilities		
Incurred but not reported claims	-	17,644
Salaries and benefits payable	<u>14,153</u>	<u>-</u>
Total liabilities	<u>14,153</u>	<u>17,644</u>
Net Assets		
Invested in capital assets	15,750	-
Unrestricted	<u>11,725</u>	<u>159,187</u>
Total net assets	<u>\$ 27,475</u>	<u>\$159,187</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

Exhibit H

	<u>Business Type</u> <u>Activity</u>	<u>Governmental</u> <u>Activity</u>
	Nonmajor <u>Enterprise</u>	
	School <u>Nutrition</u>	Internal <u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$128,641	\$ -
Employee contributions	-	128,898
Total operating revenue	<u>128,641</u>	<u>128,898</u>
Operating expenses		
Non-instructional programs		
Food service operations		
Salaries and benefits	86,585	-
Benefits	36,481	-
Purchased services	2,436	-
Supplies	114,862	-
Depreciation	6,892	-
Insurance operations		
Purchased services	-	119,879
Total operating expenses	<u>247,256</u>	<u>119,879</u>
Operating income (loss)	<u>(118,615)</u>	<u>9,019</u>
Non-operating revenues		
Interest income	123	-
State sources	3,255	-
Federal sources	98,581	-
Total non-operating revenues	<u>101,959</u>	<u>-</u>
Net income (loss)	(16,656)	9,019
Net assets, beginning of year	<u>44,131</u>	<u>150,168</u>
Net assets, end of year	<u>\$ 27,475</u>	<u>\$ 159,187</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Exhibit I

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2008

	Business Type <u>Activity</u>	Governmental <u>Activity</u>
	Nonmajor <u>Enterprise</u>	
	School <u>Nutrition</u>	Internal <u>Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 129,685	\$ 128,889
Cash payments to employees for services	(122,542)	-
Cash payments to suppliers for goods and services	<u>(105,157)</u>	<u>(118,223)</u>
Net cash provided by (used in) operating activities	<u>(98,014)</u>	<u>10,666</u>
Cash flows from non-capital financing activities		
State grants received	3,255	-
Federal grants received	<u>87,086</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>90,341</u>	<u>-</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>123</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(7,550)	10,666
Cash and cash equivalents, beginning of year	<u>31,091</u>	<u>165,764</u>
Cash and cash equivalents, end of year	<u>\$ 23,541</u>	<u>\$ 176,430</u>

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities

Operating income (loss)	\$(118,615)	\$ 9,019
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	6,892	-
Commodities used	11,495	-
Increase in accounts receivable	(36)	(9)
Decrease in due from other fund	1,080	-
Decrease in inventory	756	-
(Decrease) in accounts payable	(110)	(1,596)
Increase in incurred but not reported claims	-	3,252
Increase in accrued salaries and benefits	<u>524</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (98,014)</u>	<u>\$ 10,666</u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2008, the District received \$11,495 of federal commodities.

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2008

Exhibit J

	<u>Private Purpose Trust Scholarships</u>
Assets	
Cash and pooled investments	\$ 123,308
Accounts receivable	<u>4,967</u>
Total assets	128,275
Liabilities	<u>-</u>
Net assets	
Reserved for scholarships	<u>\$ 128,275</u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Fund
 For the Year Ended June 30, 2008

Exhibit K

	Private Purpose Trust <hr/> Scholarships
Additions	
Local sources	
Interest	\$ 5,003
Deductions	
Instruction, regular	-
Scholarships	<u>5,192</u>
Change in net assets	(189)
Net assets, beginning of year	<u>128,464</u>
Net assets, end of year	<u><u>\$128,275</u></u>

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

Note 1. Summary of Significant Accounting Policies

The Calamus Wheatland Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. The geographic area served includes the Cities of Calamus and Wheatland, Iowa, and the agricultural territory in Clinton and Scott 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, Calamus Wheatland 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 Calamus Wheatland Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the 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 other nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The District reports no major proprietary funds. However, the District reports a nonmajor proprietary fund, the Enterprise, School Nutrition Fund, which is used to account for the food service operations of the District and one internal service fund, which is utilized for employee health insurance benefits.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund consists of the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt and claims and judgments 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 funds of the District apply 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 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 non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year 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 property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

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

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

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

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

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

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related 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, 2008 was used to calculate the salaries payable.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivables and income surtaxes not

collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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 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.

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 consist of net assets with constraints placed on the 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. The government-wide statement of net assets reports \$12,311 of restricted net assets which is restricted by enabling legislation.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the support services and non-instructional programs functional areas exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2008 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.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$856,084

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

Credit risk. The investment in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Note 3. Due From and Due to Other Funds

Details of the interfund receivables and payables at June 30, 2008 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Non-major governmental Capital Projects	Debt Service	\$ 42,674

The Debt Service Fund had a negative cash balance at June 30, 2008; however, since the Debt Service Fund shares a bank account with the Capital Projects Fund, the negative bank balance is shown as a Due To and Due From on the balance sheet.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Non-major Governmental-Capital Projects	\$ 287,919
General	Non-major Special Revenue-Management	<u>1,000</u>
		<u>\$ 288,919</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Capital Projects Fund to the Debt Service Fund were to move resources from debt issuance to help pay principal and interest on debt. The transfer from the Management Fund to the General Fund was to reclassify expenditures relating to a deductible on an insurance claim.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 260,444	\$ -	\$ -	\$ 260,444
Capital assets being depreciated:				
Buildings and improvements	8,240,777	17,481	-	8,258,258
Improvements other than buildings	593,672	7,250	-	600,922
Furniture and equipment	<u>1,249,991</u>	<u>131,512</u>	<u>(44,785)</u>	<u>1,336,718</u>
Total capital assets being depreciated	<u>10,084,440</u>	<u>156,243</u>	<u>(44,785)</u>	<u>10,195,898</u>
Less accumulated depreciation for:				
Buildings and improvements	2,676,527	135,486	-	2,812,013
Improvements other than buildings	259,479	28,783	-	288,262
Furniture and equipment	<u>1,041,807</u>	<u>81,932</u>	<u>(44,785)</u>	<u>1,078,954</u>
Total accumulated depreciation	<u>3,977,813</u>	<u>246,201</u>	<u>(44,785)</u>	<u>4,179,229</u>
Total capital assets being depreciated, net	<u>6,106,627</u>	<u>(89,958)</u>	-	<u>6,016,669</u>
Governmental activities capital assets, net	<u>\$ 6,367,071</u>	<u>\$ (89,958)</u>	\$ -	<u>\$ 6,277,113</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 89,802	\$ -	\$ -	\$ 89,802
Less accumulated depreciation	<u>(67,160)</u>	<u>(6,892)</u>	-	<u>(74,052)</u>
Business type activities capital assets, net	<u>\$ 22,642</u>	<u>\$ (6,892)</u>	\$ -	<u>\$ 15,750</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 25,422
Support services	
Operation and maintenance of plant	1,964
Transportation	52,314
Unallocated depreciation	<u>166,501</u>

Total governmental activities depreciation expense \$ 246,201

Business type activities

Food service operations	<u>\$ 6,892</u>
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Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 2,035,000	\$ -	\$ (255,000)	\$ 1,780,000	\$ 265,000
Revenue anticipation bonds	746,738	-	(264,738)	482,000	295,000
Totals	<u>\$ 2,781,738</u>	<u>\$ -</u>	<u>\$ (519,738)</u>	<u>\$ 2,262,000</u>	<u>\$ 560,000</u>

Interest costs incurred and charged to expense on all long-term debt was \$110,197 for the year ended June 30, 2008. During the year ended June 30, 2008, the District made principal payments on total long-term debt of \$519,738.

General Obligation Bonds

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Bond Issue of May 3, 2001		
		Principal	Interest	Total
2009	4.10%	\$ 265,000	\$ 74,080	\$ 339,080
2010	4.20%	275,000	63,010	338,010
2011	4.30%	290,000	51,530	341,530
2012	4.40%	300,000	38,915	338,915
2013	4.50%	320,000	25,570	345,570
2014	4.50%	330,000	11,250	341,250
Totals		<u>\$ 1,780,000</u>	<u>\$ 264,355</u>	<u>\$ 2,044,355</u>

Revenue Anticipation Bonds

The District issued School Infrastructure Local Option Sales and Services Tax Revenue Bonds as follows:

Year Ending June 30,	Interest Rates	Bond issue of May 9, 2007		
		Principal	Interest	Total
2009	3.66%	\$ 295,000	\$ 18,074	\$ 313,074
2010	3.83%	187,000	7,277	194,277
Totals		<u>\$ 482,000</u>	<u>\$ 25,351</u>	<u>\$ 507,351</u>

The District has pledged future local option sales and service tax revenues to repay the \$760,000 bonds issued in May, 2007. The bonds were issued for the purpose of refinancing a portion of the costs of a remodeling project. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2010. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 85% of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$507,351. For the year ended June 30, 2008, principal and interest of \$287,919 was paid on the bonds and total local option sales and services tax revenues were \$373,909.

Note 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, IA, 50306-9117.

Plan members were required to contribute 3.90% of their annual covered salary and the District was required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Plan members were required to contribute 3.7% of their annual covered salary and the District was required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$174,858, \$153,315 and \$146,201 respectively, equal to the required contributions for each year.

Note 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.

Note 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 \$179,678 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Deficit Balance

The District had an unreserved fund deficit of \$36,180 in the Debt Service Fund at June 30, 2008.

Note 11. Self-funded Health Insurance

The District utilizes a partial self-funded/partial fully funded plan. This is a combination of a low self-funded single of \$300/\$600 and family \$600/\$900 and a high fully funded plan through Wellmark of single \$2,000/\$4,000 and family \$4,000/\$8,000. Payments to Wellmark are made for its premium and deposits into the Internal Service Fund are made monthly for the self-funded portion. The self-fund plan (Internal Service Fund) deposits and the independent administrator funds/pays for the claim exposure between the two or \$3,400 for single and \$7,100 for family. After the total exposure has been maximized, the fully-funded carrier pays 100%. The District estimates that 25% of those covered will reach full maximum exposure.

At June 30, 2008, the District had accumulated an excess of \$159,187 in its Internal Service Fund to cover employee health care claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30, 2008, 2007, 2006, 2005 and 2004. All submitted claims had been paid or accrued at June 30, 2008. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2009. The District is contingently liable for any claims in excess of funds available at June 30, 2008.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2008	2007
Unpaid claims, beginning of year	\$ 15,988	\$ 659
Current year claims and changes in estimates	119,280	112,816
Claim payments	<u>(117,624)</u>	<u>(97,487)</u>
Unpaid claims, end of year	<u>\$ 17,644</u>	<u>\$ 15,988</u>

Note 12. Contingencies

Grant Funding - 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, 2008, 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.

Insurance Plan - As discussed in Note 11, the District is contingently liable for any unreported claim or assessment in excess of their balance in the Internal Service Insurance Fund.

Required Supplementary Information

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 For the Year Ended June 30, 2008

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues						
Local sources	\$2,822,987	\$128,764	\$2,951,751	\$2,873,526	\$2,873,526	\$ 78,225
Intermediate sources	6,093	-	6,093	-	-	6,093
State sources	2,593,318	3,255	2,596,573	2,497,900	2,497,900	98,673
Federal sources	160,313	98,581	258,894	241,165	241,165	17,729
Total revenues	<u>5,582,711</u>	<u>230,600</u>	<u>5,813,311</u>	<u>5,612,591</u>	<u>5,612,591</u>	<u>200,720</u>
Expenditures/Expenses						
Instruction	3,168,158	-	3,168,158	3,109,852	3,309,852	141,694
Support services	1,496,713	-	1,496,713	1,399,216	1,459,216	(37,497)
Non-instructional programs	6,309	247,256	253,565	232,035	237,035	(16,530)
Other expenditures	866,426	-	866,426	895,362	895,362	28,936
Total expenditures/expenses	<u>5,537,606</u>	<u>247,256</u>	<u>5,784,862</u>	<u>5,636,465</u>	<u>5,901,465</u>	<u>116,603</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	45,105	(16,656)	28,449	(23,874)	(288,874)	317,323
Net other financing sources, net	<u>12,095</u>	-	<u>12,095</u>	-	-	<u>12,095</u>
Net change in fund balance Balance, beginning of year	57,200	(16,656)	40,544	(23,874)	(288,874)	329,418
Balance, end of year	<u>989,776</u>	<u>44,131</u>	<u>1,033,907</u>	<u>797,965</u>	<u>797,965</u>	<u>235,942</u>
	<u>\$1,046,976</u>	<u>\$ 27,475</u>	<u>\$1,074,451</u>	<u>\$ 774,091</u>	<u>\$ 509,091</u>	<u>\$ 565,360</u>

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2008

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides 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 \$265,000.

During the year ended June 30, 2008, District expenditures exceeded the amounts budgeted in the Support Services and Non-instructional Programs functions; however, General Fund expenditures did not exceed the District's unspent authorized budget.

Other Supplementary Information

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

Schedule 1

	Special Revenue				
	Management	Student	Physical Plant and Equipment	Capital	
	<u>Levy</u>	<u>Activity</u>	<u>Levy</u>	<u>Projects</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 6,162	\$41,858	\$ 2,811	\$199,106	\$249,937
Receivables					
Property tax					
Delinquent	1,644	-	1,694	-	3,338
Succeeding year	90,000	-	85,013	-	175,013
Accrued interest receivable	-	-	-	328	328
Due from other governments	-	-	-	65,789	65,789
Due from other fund	-	-	-	42,674	42,674
Total assets	<u>\$97,806</u>	<u>\$41,858</u>	<u>\$ 89,518</u>	<u>\$307,897</u>	<u>\$537,079</u>
Liabilities and Fund Balances					
Liabilities					
Deferred revenue					
Succeeding year property tax	\$90,000	\$ -	\$ 85,013	\$ -	\$175,013
Fund balances					
Unreserved fund balances	<u>7,806</u>	<u>41,858</u>	<u>4,505</u>	<u>307,897</u>	<u>362,066</u>
Total liabilities and fund balances	<u>\$97,806</u>	<u>\$41,858</u>	<u>\$ 89,518</u>	<u>\$307,897</u>	<u>\$537,079</u>

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

Schedule 2

Revenues	Special Revenue				<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Equipment Levy</u>	<u>Capital Projects</u>	
Local sources					
Local taxes	\$ 86,109	\$ -	\$ 88,332	\$373,909	\$548,350
Other	9,885	86,704	19,615	6,085	122,289
Total revenues	95,994	86,704	107,947	379,994	670,639
Expenditures					
Current					
Instruction					
Regular	9,649	-	-	-	9,649
Other	-	83,928	-	-	83,928
Total instruction	9,649	83,928	-	-	93,577
Support services					
Student	546	-	-	-	546
Instructional staff	364	-	50,961	-	51,325
Administration	1,092	-	-	5,858	6,950
Operation and maintenance of plant	48,861	-	-	-	48,861
Transportation	21,926	-	71,870	-	93,796
Total support services	72,789	-	122,831	5,858	201,478
Non-instructional programs	6,309	-	-	-	6,309
Other expenditures					
Facilities acquisition	-	-	13,746	45,108	58,854
Total expenditures	88,747	83,928	136,577	50,966	360,218
Excess (deficiency) of revenues over (under) expenditures	7,247	2,776	(28,630)	329,028	310,421
Other financing (uses)					
Interfund operating transfers (out)	(1,000)	-	-	(287,919)	(288,919)
Net change in fund balances	6,247	2,776	(28,630)	41,109	21,502
Fund balances, beginning of year	1,559	39,082	33,135	266,788	340,564
Fund balances, end of year	\$ 7,806	\$41,858	\$ 4,505	\$307,897	\$362,066

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts
 For the Year Ended June 30, 2008

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Athletics	\$ 2,629	\$ 28,408	\$ 28,970	\$ 2,067
Student insurance accounts	951	2,871	1,666	2,156
Annual	2,642	7,590	8,454	1,778
Key cards	2,191	1,041	89	3,143
Class of:				
2006	798	-	798	-
2007	460	-	460	-
2008	3,366	124	2,791	699
2009	356	7,293	4,022	3,627
2010	556	447	355	648
2011	-	117	117	-
Cheerleading	147	80	45	182
Dance	1,083	197	1,158	122
FFA	7,374	6,118	5,895	7,597
Vocal	362	266	456	172
Student council	2,135	9,951	8,381	3,705
Junior high student council	255	1,354	1,386	223
Instrumental fund	71	284	13	342
Interest	215	227	442	-
Science club	375	4	-	379
School play	5,943	4,520	3,893	6,570
Special Olympics	74	2	-	76
Pop fund	2,245	3,540	2,813	2,972
National Honor Society	867	730	503	1,094
Softball	322	1,688	1,847	163
Volleyball	408	1,294	1,396	306
Home ec	-	202	189	13
Teacher pop	178	862	730	310
Elementary				
Student activity	128	3,039	2,276	891
Pop fund	416	1,880	1,579	717
ETCEP	626	-	626	-
Student pictures	1,166	1,532	1,560	1,138
Instrumental music	(64)	727	607	56
School	55	135	190	-
Make a Difference fund	14	-	14	-
Library	738	181	207	712
Totals	<u>\$ 39,082</u>	<u>\$ 86,704</u>	<u>\$ 83,928</u>	<u>\$ 41,858</u>

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Four Years

Schedule 4

	Modified Accrual Basis			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues				
Local sources				
Local tax	\$2,288,693	\$2,321,272	\$2,117,886	\$2,014,423
Tuition	351,627	314,521	317,218	276,019
Other	182,667	170,139	341,488	398,192
Intermediate sources	6,093	5,136	-	-
State sources	2,593,318	2,344,727	2,273,228	2,158,956
Federal sources	160,313	174,196	155,574	213,646
Total revenues	<u>\$5,582,711</u>	<u>\$5,329,991</u>	<u>\$5,205,394</u>	<u>\$5,061,236</u>
Expenditures				
Current				
Instruction				
Regular	\$2,065,631	\$1,973,204	\$1,978,516	\$1,772,214
Special	655,256	573,403	576,385	615,896
Other	447,271	430,137	247,369	351,369
Support services				
Student	121,800	108,825	106,530	93,683
Instructional staff	150,595	107,102	126,750	53,884
Administration	474,708	476,032	429,509	399,564
Operation and maintenance of plant	406,557	378,663	375,712	335,311
Transportation	341,427	246,477	237,834	280,472
Other support	1,626	-	-	50,375
Non-instructional programs	6,309	4,706	583	-
Other expenditures				
Facilities acquisition	58,854	169,326	167,412	1,906,047
Long-term debt				
Principal	519,738	1,299,812	483,450	230,000
Interest and other charges	108,156	119,423	135,722	129,529
AEA flowthrough	179,678	166,149	154,375	149,154
Total expenditures	<u>\$5,537,606</u>	<u>\$6,053,259</u>	<u>\$5,020,147</u>	<u>\$6,367,498</u>

See accompanying Independent Auditor's Report.

KAY L. CHAPMAN, CPA PC

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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
Calamus Wheatland Community School District

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Calamus Wheatland Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated February 19, 2009. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Calamus Wheatland 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 Calamus Wheatland Community School

District's financial statements that is more than inconsequential will not be prevented or detected by Calamus Wheatland Community School District's internal control. I consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calamus Wheatland Community School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Calamus Wheatland Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Calamus Wheatland Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Calamus Wheatland Community School District and other parties to whom Calamus Wheatland Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 19, 2009

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were reported.

SIGNIFICANT DEFICIENCIES

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that the same person performs the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, 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 I 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 - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

- 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 prepare the District's financial statements and related note disclosures in compliance with generally accepted accounting principles (GAAP). This is not an unusual situation for small governmental entities.

Recommendation - The business manager should consider obtaining additional GAAP training through reading relevant accounting literature and/or attending professional education courses. Since GAAP reporting and disclosures change constantly, the business manager should consider taking training annually to stay up-to-date on GAAP reporting and disclosure requirements. The District should also obtain current governmental accounting, reporting and disclosure reference materials and update them as new pronouncements become effective.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

Response - We believe that the business manager has sufficient knowledge to perform her daily duties and take responsibility for the annual financial statements and footnote disclosure in compliance with GAAP, as prepared by the auditor. We certainly understand the need for continuing education classes for all of our staff, including the business manager. However, we have a limited budget and must continually prioritize needs. We will investigate alternatives, but believe that it would not be an efficient use of District funds to get and maintain the necessary training for the business manager to comply with this recommendation. Nor do we consider hiring additional staff possessing these skills to be a feasible option.

Conclusion - Response accepted.

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2008 exceeded the amounts budgeted in the support services and non-instructional programs functional areas.

Recommendation - The certified budget was amended; however, not to sufficient amounts to cover expenditures. The District should ensure that the budget is sufficiently amended in future years.

Response - We will be more attentive of this in the future and ensure that the budget is sufficiently amended prior to expenditures exceeding the budgeted amounts.

Conclusion - Response accepted.

2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
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 - I noted no transactions requiring Board approval, which had not been approved by the Board. I also noted no minutes and bills that had not been published in compliance with the Code of Iowa.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Deposits and Investments - I 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.
9. Certified Annual Reports - The Certified Annual Report was filed with the Department of Education timely and I noted no significant deficiencies in the amounts reported.
10. Financial Condition - The District had an unreserved fund deficit in the Debt Service Fund of \$36,180 at June 30, 2008.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate this deficit in order to return the fund to a sound financial condition.

Response - We will review the situation and implement changes, as needed.

Conclusion - Response accepted.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2008

This audit was performed by

Kay Chapman, CPA
Tammy Calvert, staff accountant