

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL  
DISTRICT

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

June 30, 2008

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Independent Auditor's Report

To the Board of Education of  
Wall Lake View Auburn Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wall Lake View Auburn Community School District, Lake View, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wall Lake View Auburn Community School District at 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, we have also issued our report dated April 7, 2009, on our consideration of Wall Lake View Auburn Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wall Lake View Auburn Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

April 7, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Wall Lake View Auburn 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 \$4,475,999 in fiscal 2007 to \$5,519,297 in fiscal 2008, General Fund expenditures also increased from \$4,595,311 in fiscal 2007 to \$5,786,813 in fiscal 2008. The District's General Fund balance decreased from \$684,297 in fiscal 2007 to \$423,781 in fiscal 2008, a 38% decrease.
- The primary reason for the increase in revenues and expenses was a result of whole grade sharing. As a result, the District funded a portion of the current year General Fund salaries and benefits from the carryover fund balance.

### 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 Wall Lake View Auburn 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 Wall Lake View Auburn 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 Wall Lake View Auburn Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- 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 include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2007-2008
	Governmental Activities		Business-type Activities		Total School District		
	2007	2008	2007	2008	2007	2008	
	\$	\$	\$	\$	\$	\$	
Current and other assets	4,612,235	3,560,204	25,006	14,982	4,637,241	3,575,186	(23%)
Capital assets	1,149,961	1,547,088	95,378	93,067	1,245,339	1,640,155	32%
<b>Total assets</b>	<b>5,762,196</b>	<b>5,107,292</b>	<b>120,384</b>	<b>108,049</b>	<b>5,882,580</b>	<b>5,215,341</b>	<b>(11%)</b>
Long-term liabilities	0	0	0	0	0	0	--
Other liabilities	3,114,440	2,464,741	1,680	0	3,116,120	2,464,741	(21%)
<b>Total liabilities</b>	<b>3,114,440</b>	<b>2,464,741</b>	<b>1,680</b>	<b>0</b>	<b>3,116,120</b>	<b>2,464,741</b>	<b>(21%)</b>
Net Assets:							
Invested in capital assets, net of related debt	1,149,961	1,547,088	95,378	93,067	1,245,339	1,640,155	32%
Restricted	803,137	626,446			803,137	626,446	(22%)
Unrestricted	694,658	469,017	23,326	14,982	717,984	483,999	(33%)
<b>TOTAL NET ASSETS</b>	<b>2,647,756</b>	<b>2,642,551</b>	<b>118,704</b>	<b>108,049</b>	<b>2,766,460</b>	<b>2,750,600</b>	<b>(1%)</b>

The District's assets and liabilities both decreased by approximately \$660,000. This decrease was primarily due to the District's participation in ISCAP in 2007 but not in 2008.

The District's combined total net assets decreased by 1%, or approximately \$16,000, 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 decreased approximately \$175,000 or 22% over the prior year. The decrease was primarily a result of increased expenditures in the Local Option Sales Tax 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 – decreased approximately \$234,000, or 33%. This reduction in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

Figure A-4 shows the change in net assets for the years ended June 30, 2008 and 2007.

Figure A-4

	Change in Net Assets						Percentage Change 2007-2008
	Governmental Activities		Business-type Activities		Total School District		
	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	
Revenues							
Program Revenues:							
Charges for services	447,926	1,430,278	140,628	132,208	588,554	1,562,486	165%
Operating grants & contributions	614,311	711,792	109,734	103,028	724,045	814,820	13%
Capital grants & contributions	0	0	0	0	0	0	--
General Revenues:							
Property taxes	1,762,596	1,709,641	0	0	1,762,596	1,709,641	(3%)
Income Surtax	86,107	90,011	0	0	86,107	90,011	5%
Local option sales tax	312,942	300,177	0	0	312,942	300,177	(4%)
Unrestricted state grants	1,908,952	1,950,747	0	0	1,908,952	1,950,747	2%
Unrestricted investment earnings	59,361	65,626	70	54	59,431	65,680	11%
Other revenue	10,460	17,813	0	0	10,460	17,813	70%
<b>Total Revenues</b>	<b>5,202,655</b>	<b>6,276,085</b>	<b>250,432</b>	<b>235,290</b>	<b>5,453,087</b>	<b>6,511,375</b>	<b>19%</b>
Expenses:							
Instruction	3,250,107	4,306,386	0	0	3,250,107	4,306,386	32%
Support services	1,446,170	1,649,590	0	0	1,446,170	1,649,590	14%
Non-instructional programs	0	0	251,785	245,945	251,785	245,945	(2%)
Other expenditures	235,035	325,314	0	0	235,035	325,314	38%
<b>Total expenses</b>	<b>4,931,312</b>	<b>6,281,290</b>	<b>251,785</b>	<b>245,945</b>	<b>5,183,097</b>	<b>6,527,235</b>	<b>26%</b>
<b>Change in net assets before transfers</b>	<b>271,343</b>	<b>(5,205)</b>	<b>(1,353)</b>	<b>(10,655)</b>	<b>269,990</b>	<b>(15,860)</b>	
Transfers	(23,390)	0	23,390	0	0	0	
<b>CHANGE IN NET ASSETS</b>	<b>247,953</b>	<b>(5,250)</b>	<b>22,037</b>	<b>(10,655)</b>	<b>269,990</b>	<b>(15,860)</b>	
Net assets beginning of year	2,399,803	2,647,756	96,667	118,704	2,496,470	2,766,460	
Net assets end of year	<b>2,647,756</b>	<b>2,642,551</b>	<b>118,704</b>	<b>108,049</b>	<b>2,766,460</b>	<b>2,750,600</b>	<b>(1%)</b>

Property tax and unrestricted state grants account for 56% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 91% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$6,276,085 and expenses were \$6,281,290. In a difficult budget year, the District was nearly able to balance the budget by trimming expenses to match available revenues.

Substantial increases in both Instruction Expense and Charges for Services Revenue are attributable to 2008 being the first year of whole grade sharing.

- The cost financed by users of the District's programs was \$1,430,278. Most of these revenues are derived from shared contract resulting from whole grade sharing.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$711,792.
- The net cost of governmental activities was financed with \$1,709,641 in property and local other taxes and \$1,950,747 in unrestricted state grants.

## **Business Type Activities**

Revenues for business type activities were \$235,290 and expenses were \$245,945. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, Wall Lake View Auburn 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 \$976,963, well below last year's ending fund balances of \$1,417,073. The decrease is attributable to both the general fund and nonmajor governmental funds.

## **Governmental Fund Highlights**

- The District's deteriorating General Fund financial position is the result of many factors. Whole Grade Sharing resulted in an increase in revenues. However, the increase in revenues was more than offset by the District's increase in General Fund expenditures requiring the District to use carryover fund balance to meet its financial obligations during the year.
- The General Fund balance decreased from \$684,297 to \$423,781.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from a balance of \$94,179 in fiscal 2007 to \$32,251 in fiscal 2008. While revenues remained approximately the same, the District used the carryover fund balance to complete projects and purchase equipment.
- The Capital Projects Fund balance decreased due to the final payments on the new AgriScience Building. The Capital Projects Fund balance decrease from \$420,300 in 2007 to \$285,013 in 2008.

## **Proprietary Fund Highlights**

School Nutrition Fund net assets decreased from \$118,704 at June 30, 2007 to \$108,049 at June 30, 2008, representing a decrease of approximately 9%.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Wall Lake View Auburn Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with the whole grade sharing agreement with Sac CSD.

Total expenditures were less than the amended budget, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at nearly the maximum authorized spending authority for the General Fund.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, the District had invested \$1,640,155, 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 increase of 32% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$113,001.

The largest change in capital asset activity during the year occurred in the construction in progress and buildings categories. The District's construction in progress was \$0 at June 30, 2008 compared to \$293,872 reported at June 30, 2007. The District's buildings went to \$1,150,995 at June 30, 2008 compared to \$463,150. These significant changes are the result of the completion of the new AgriScience building.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2007-2008
	2007	2008	2007	2008	2007	2008	
	\$	\$	\$	\$	\$	\$	
Land	20,000	20,000	0	0	20,000	20,000	0%
Construction in progress	293,782	0	0	0	293,782	0	(100%)
Buildings	463,150	1,105,995	0	0	463,150	1,105,995	139%
Improvements	175,690	215,150	0	0	175,690	215,150	22%
Equipment & Furniture	197,339	205,943	95,378	93,067	292,717	299,010	2%
<b>TOTAL</b>	<b>1,149,961</b>	<b>1,547,088</b>	<b>95,378</b>	<b>93,067</b>	<b>1,245,339</b>	<b>1,640,155</b>	<b>32%</b>

### Long-Term Debt

At June 30, 2008, the District had no long-term debt.

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- School financing is highly dependent upon student enrollment. The District's October 2008 enrollment decreased by 25 students. This drop in enrollment will decrease the District's funding for fiscal year 2010.

## 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 John Kraft, District Secretary/Treasurer and Business Manager, Wall Lake View Auburn Community School District, PO Box 110, Lake View, Iowa, 51450.

## BASIC FINANCIAL STATEMENTS

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2008

	Governmental Activities	Business Type Activities	Total	Component Unit Wall Lake View Auburn Community School Foundation
	\$	\$	\$	\$
<b>Assets</b>				
Cash and cash equivalents	1,462,810	8,499	1,471,309	346,586
Receivables:				
Property tax:				
Delinquent	18,817	-	18,817	-
Succeeding year	1,838,370	-	1,838,370	-
Accrued interest - ISCAP	5,089	-	5,089	-
Due from other governments	235,118	2,669	237,787	-
Inventories	-	3,814	3,814	-
Capital assets, net of accumulated depreciation	1,547,088	93,067	1,640,155	-
<b>Total assets</b>	<b>5,107,292</b>	<b>108,049</b>	<b>5,215,341</b>	<b>346,586</b>
<b>Liabilities</b>				
Accounts payable	163,908	-	163,908	-
Salaries and benefits payable	446,850	-	446,850	-
Deferred revenue:				
Succeeding year property tax	1,838,370	-	1,838,370	-
Other	15,613	-	15,613	-
<b>Total liabilities</b>	<b>2,464,741</b>	<b>-</b>	<b>2,464,741</b>	<b>-</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,547,088	93,067	1,640,155	-
Restricted for:				
Gifted and talented program	73,264	-	73,264	-
Management levy	130,306	-	130,306	-
Physical plant and equipment levy	32,251	-	32,251	-
Other special revenue purposes	105,612	-	105,612	-
Local option sales tax capital projects	285,013	-	285,013	-
Unrestricted	469,017	14,982	483,999	346,586
<b>Total net assets</b>	<b>2,642,551</b>	<b>108,049</b>	<b>2,750,600</b>	<b>346,586</b>

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2008

<b>Functions/Programs</b>	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
<b>Governmental activities:</b>				
<b>Instruction:</b>				
Regular	3,382,828	1,193,137	414,124	-
Special	356,935	-	25,984	-
Other	566,623	237,141	84,969	-
	<u>4,306,386</u>	<u>1,430,278</u>	<u>525,077</u>	<u>-</u>
<b>Support services:</b>				
Student	66,431	-	-	-
Instructional staff	45,818	-	-	-
Administration	622,254	-	-	-
Operation and maintenance of plant	619,408	-	-	-
Transportation	295,679	-	7,639	-
	<u>1,649,590</u>	<u>-</u>	<u>7,639</u>	<u>-</u>
<b>Other expenditures:</b>				
Facilities acquisition	94,458	-	-	-
AEA flowthrough	179,076	-	179,076	-
Depreciation (unallocated)*	51,780	-	-	-
	<u>325,314</u>	<u>-</u>	<u>179,076</u>	<u>-</u>
<b>Total governmental activities</b>	<b>6,281,290</b>	<b>1,430,278</b>	<b>711,792</b>	<b>-</b>
<b>Business type activities:</b>				
<b>Non-instructional programs:</b>				
Food service operations	245,945	132,208	103,028	-
<b>Total primary government</b>	<b>6,527,235</b>	<b>1,562,486</b>	<b>814,820</b>	<b>-</b>
<b>Component Unit:</b>				
Wall Lake View Auburn Community School Foundation	-	-	1,515	-
<b>Total</b>	<b>6,527,235</b>	<b>1,562,486</b>	<b>816,335</b>	<b>-</b>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Capital outlay				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
<b>Total general revenues</b>				
<b>Total general revenues and transfers</b>				

**Change in net assets**

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business Type Activities	Total	Component Unit
\$	\$	\$	\$
(1,775,567)	-	(1,775,567)	-
(330,951)	-	(330,951)	-
(244,513)	-	(244,513)	-
<u>(2,351,031)</u>	<u>-</u>	<u>(2,351,031)</u>	<u>-</u>
(66,431)	-	(66,431)	-
(45,818)	-	(45,818)	-
(622,254)	-	(622,254)	-
(619,408)	-	(619,408)	-
(288,040)	-	(288,040)	-
<u>(1,641,951)</u>	<u>-</u>	<u>(1,641,951)</u>	<u>-</u>
(94,458)	-	(94,458)	-
-	-	-	-
(51,780)	-	(51,780)	-
<u>(146,238)</u>	<u>-</u>	<u>(146,238)</u>	<u>-</u>
(4,139,220)	-	(4,139,220)	-
-	(10,709)	(10,709)	-
<u>(4,139,220)</u>	<u>(10,709)</u>	<u>(4,149,929)</u>	<u>-</u>
-	-	-	1,515
<u>(4,139,220)</u>	<u>(10,709)</u>	<u>(4,149,929)</u>	<u>1,515</u>
1,661,310	-	1,661,310	-
48,331	-	48,331	-
90,011	-	90,011	-
300,177	-	300,177	-
1,950,747	-	1,950,747	-
65,626	54	65,680	15,650
17,813	-	17,813	-
<u>4,134,015</u>	<u>54</u>	<u>4,134,069</u>	<u>15,650</u>
<u>4,134,015</u>	<u>54</u>	<u>4,134,069</u>	<u>15,650</u>
(5,205)	(10,655)	(15,860)	17,165
<u>2,647,756</u>	<u>118,704</u>	<u>2,766,460</u>	<u>329,421</u>
<u>2,642,551</u>	<u>108,049</u>	<u>2,750,600</u>	<u>346,586</u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments	963,585	499,225	1,462,810
Receivables:			
Property tax:			
Delinquent	17,194	1,623	18,817
Succeeding year	1,683,076	155,294	1,838,370
Accrued interest - ISCAP	5,089	-	5,089
Due from other governments	163,225	71,893	235,118
<b>Total assets</b>	<u>2,832,169</u>	<u>728,035</u>	<u>3,560,204</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	144,349	19,559	163,908
Salaries and benefits payable	446,850	-	446,850
Deferred revenue:			
Succeeding year property tax	1,683,076	155,294	1,838,370
Other	134,113	-	134,113
Total liabilities	<u>2,408,388</u>	<u>174,853</u>	<u>2,583,241</u>
Fund balances:			
Reserved for:			
Gifted and talented program	73,264	-	73,264
Unreserved reported in:			
General Fund	350,517	-	350,517
Special Revenue Funds	-	268,169	268,169
Capital Projects Fund	-	285,013	285,013
Total fund balances	<u>423,781</u>	<u>553,182</u>	<u>976,963</u>
<b>Total liabilities and fund balances</b>	<u>2,832,169</u>	<u>728,035</u>	<u>3,560,204</u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

June 30, 2008

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	976,963
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,547,088
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	<u>118,500</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>2,642,551</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	1,646,532	448,938	2,095,470
Tuition	125,027	-	125,027
Other	1,118,618	264,561	1,383,179
Intermediate sources	15,671	-	15,671
State sources	2,437,886	-	2,437,886
Federal sources	175,563	-	175,563
Total revenues	<u>5,519,297</u>	<u>713,499</u>	<u>6,232,796</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,378,908	-	3,378,908
Special	356,935	-	356,935
Other	329,690	235,860	565,550
	<u>4,065,533</u>	<u>235,860</u>	<u>4,301,393</u>
Support services:			
Student	66,431	-	66,431
Instructional staff	45,818	-	45,818
Administration	615,774	-	615,774
Operation and maintenance of plant	525,023	99,510	624,533
Transportation	289,158	22,962	312,120
	<u>1,542,204</u>	<u>122,472</u>	<u>1,664,676</u>
Other expenditures:			
Facilities acquisition	-	534,761	534,761
AEA flowthrough	179,076	-	179,076
	<u>179,076</u>	<u>534,761</u>	<u>713,837</u>
Total expenditures	<u>5,786,813</u>	<u>893,093</u>	<u>6,679,906</u>
Excess (deficiency) of revenues over (under) expenditures	(267,516)	(179,594)	(447,110)
Other financing sources (uses):			
Compensation for loss of fixed assets	7,000	-	7,000
Net change in fund balances	(260,516)	(179,594)	(440,110)
Fund balances beginning of year	684,297	732,776	1,417,073
Fund balances end of year	<u>423,781</u>	<u>553,182</u>	<u>976,963</u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		(440,110)
<b><i>Amounts reported for governmental activities in the Statement of Activities are different because:</i></b>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded loss on disposal of capital assets and depreciation expense in the current year, as follows:		
Expenditures for capital assets	500,896	
Loss on disposal of capital assets	(1,489)	
Depreciation expense	<u>(102,280)</u>	397,127
Income surtaxes and other receivables not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.		<u>37,778</u>
<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>(5,205)</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2008

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Cash and cash equivalents	8,499
Due from other governments	2,669
Inventories	3,814
Capital assets, net of accumulated depreciation	<u>93,067</u>
<b>Total assets</b>	108,049
<b>Liabilities</b>	<u>-</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	93,067
Unrestricted	<u>14,982</u>
<b>Total net assets</b>	<u><u>108,049</u></u>

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2008

	Nonmajor School Nutrition <u>          </u> \$
Operating revenues:	
Local sources:	
Charges for service	<u>132,208</u>
Operating expenses:	
Non-instructional programs:	
Salaries and benefits	113,253
Supplies	121,971
Depreciation	<u>10,721</u>
Total operating expenses	<u>245,945</u>
Operating gain (loss)	<u>(113,737)</u>
Non-operating revenues:	
State sources	3,056
Federal sources	99,972
Interest income	54
Total non-operating revenues	<u>103,082</u>
Change in net assets	(10,655)
Net assets beginning of year	<u>118,704</u>
Net assets end of year	<u><u>108,049</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2008

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	128,060
Cash payments to employees for services	(113,253)
Cash payments to suppliers for goods or services	(106,149)
Net cash used by operating activities	<u>(91,342)</u>
Cash flows from non-capital financing activities:	
State grants received	3,056
Federal grants received	85,580
Net cash provided by non-capital financing activities	<u>88,636</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(8,410)</u>
Cash flows from investing activities:	
Interest on investments	<u>54</u>
Net increase (decrease) in cash and cash equivalents	(11,062)
Cash and cash equivalents at beginning of year	<u>19,561</u>
Cash and cash equivalents at end of year	<u><u>8,499</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(113,737)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	14,392
Depreciation	10,721
Decrease (increase) in inventories	1,430
Decrease (increase) in accounts receivable	(2,468)
(Decrease) increase in deferred revenue	(1,680)
Net cash used by operating activities	<u><u>(91,342)</u></u>

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

During the year ended June 30, 2008, the District received \$14,392 of federal commodities.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2008

	Private Purpose Trust Scholarship
	<u>\$</u>
<b>Assets</b>	
Cash and pooled investments	13,797
<b>Liabilities</b>	<u>-</u>
<b>Net Assets</b>	
Reserved for scholarships	<u><u>13,797</u></u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2008

	Private Purpose Trust Scholarship <u>          </u> \$
Additions:	
Local sources:	
Interest	472
Deductions	<u>          -</u>
Change in net assets	472
Net assets beginning of year	<u>13,325</u>
Net assets end of year	<u><u>13,797</u></u>

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2008

**1. Summary of Significant Accounting Policies**

Board of Education of Wall Lake View Auburn Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Wall Lake, Lake View and Auburn, Iowa and the predominately agricultural territory in a portion of Sac, Carroll and Crawford 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, Wall Lake View Auburn 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 Wall Lake View Auburn Community School Foundation has been included in these financial statements as a discretely presented component unit because of the nature and significance of its relationship with the Wall Lake View Auburn Community School District.

The Wall Lake View Auburn School Foundation is a separate legal entity that was established to actively solicit and receive donations, gifts and grants for scholarships, the enhancement of technology and other enrichment to the programs for Wall Lake View Auburn Community students or other programs sponsored by the Board of Directors of Wall Lake View Auburn Community School District.

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 attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

The District reports the following major governmental fund:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next

fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 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 repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	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 over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

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

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

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

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

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

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets. The District did not have any long-term liabilities at June 30, 2008.

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

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

#### E. Budgeting and Budgetary Control

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

## 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.

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

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

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2007-08A	6/27/07	6/27/08	-	5,089	-	-

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008, is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	-	-	-

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

Series	Interest Rates on Warrants	Interest Rates on Investments
	%	%
2007-08A	4.500	5.455

### 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Construction in progress	293,782	-	293,782	-
Land	20,000	-	-	20,000
	<u>313,782</u>	<u>-</u>	<u>293,782</u>	<u>20,000</u>

Capital assets being depreciated:				
Buildings	2,469,585	684,150	-	3,153,735
Improvements other than buildings	603,350	49,935	-	653,285
Furniture and equipment	884,073	60,593	24,385	920,281
Total capital assets being deprec.	<u>3,957,008</u>	<u>794,678</u>	<u>24,385</u>	<u>4,727,301</u>
Less accumulated depreciation for:				
Buildings	2,006,435	41,305	-	2,047,740
Improvements other than buildings	427,660	10,475	-	438,135
Furniture and equipment	686,734	50,500	22,896	714,338
Total accumulated depreciation	<u>3,120,829</u>	<u>102,280</u>	<u>22,896</u>	<u>3,200,213</u>
Total capital assets being depreciated, net	<u>836,179</u>	<u>692,398</u>	<u>1,489</u>	<u>1,527,088</u>
Governmental activities capital assets, net	<u>1,149,961</u>	<u>692,398</u>	<u>295,271</u>	<u>1,547,088</u>
	Balance			Balance End
	Beginning of			of Year
	Year	Increases	Decreases	
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	138,704	8,410	-	147,114
Less accumulated depreciation	<u>43,326</u>	<u>10,721</u>	<u>-</u>	<u>54,047</u>
Business type activities capital assets, net	<u>95,378</u>	<u>(2,311)</u>	<u>-</u>	<u>93,067</u>
Depreciation expense was charged to the following functions:				\$
Governmental activities:				
Instruction:				
Regular				13,235
Other				1,073
Support services:				
Administration services				6,480
Operation and maintenance of plant services				2,637
Transportation				27,075
				<u>50,500</u>
Unallocated depreciation				<u>51,780</u>
Total depreciation expense – governmental activities				<u>102,280</u>
Business type activities:				
Food services				<u>10,721</u>

## 5. Pension and Retirement Benefits

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

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$173,116, \$151,291, and \$140,558 respectively, equal to the required contributions for each year.

## **6. Risk Management**

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

## **7. 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 \$179,076 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.

## **8. Related Party Transactions**

Charles Brotherton, a board member, is a part owner of Lake View Lumber and Wall Lake Lumber. During the year ended June 30, 2008 Wall Lake View Auburn Community School District purchased approximately \$26,765 of building materials and supplies from these two businesses.

Lisa Drest, a board member, is part owner of Albrecht Oil. During fiscal year 2008 the District purchased \$29,473 of fuel from this business.

REQUIRED SUPPLEMENTARY INFORMATION

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2008

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	3,603,676	132,262	3,735,938	2,596,958	3,546,958	188,980
Intermediate sources	15,671	-	15,671	-	-	15,671
State sources	2,437,886	3,056	2,440,942	2,351,175	2,351,175	89,767
Federal sources	175,563	99,972	275,535	400,000	400,000	(124,465)
Total revenues:	<u>6,232,796</u>	<u>235,290</u>	<u>6,468,086</u>	<u>5,348,133</u>	<u>6,298,133</u>	<u>169,953</u>
Expenditures/Expenses:						
Instruction	4,301,393	-	4,301,393	3,567,260	4,517,260	215,867
Support services	1,664,676	-	1,664,676	1,575,000	1,575,000	(89,676)
Non-instructional programs	-	245,945	245,945	306,870	306,870	60,925
Other expenditures	713,837	-	713,837	1,031,345	1,031,345	317,508
Total expenditures/expenses	<u>6,679,906</u>	<u>245,945</u>	<u>6,925,851</u>	<u>6,480,475</u>	<u>7,430,475</u>	<u>504,624</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(447,110)	(10,655)	(457,765)	(1,132,342)	(1,132,342)	674,577
Other financing sources (uses) net	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(440,110)	(10,655)	(450,765)	(1,132,342)	(1,132,342)	681,577
Balance beginning of year	<u>1,417,073</u>	<u>118,704</u>	<u>1,535,777</u>	<u>1,332,728</u>	<u>1,332,728</u>	<u>203,049</u>
Balance end of year	<u><u>976,963</u></u>	<u><u>108,049</u></u>	<u><u>1,085,012</u></u>	<u><u>200,386</u></u>	<u><u>200,386</u></u>	<u><u>884,626</u></u>

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2008

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on 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 \$950,000.

During the year ended June 30, 2008, expenditures in the support services function exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2008

Assets	Special Revenue Funds			Capital Projects	Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Local Option Sales Tax	
	\$	\$	\$	\$	
Cash and pooled investments	129,200	113,173	31,734	225,118	499,225
Receivables:					
Property tax:					
Delinquent	1,106	-	517	-	1,623
Succeeding year	100,000	-	55,294	-	155,294
Due from other governments	-	-	-	71,893	71,893
<b>Total assets</b>	<b>230,306</b>	<b>113,173</b>	<b>87,545</b>	<b>297,011</b>	<b>728,035</b>
<b>Liabilities &amp; Fund Balances</b>					
Liabilities:					
Accounts payable	-	7,561	-	11,998	19,559
Deferred revenue:					
Succeeding year property tax	100,000	-	55,294	-	155,294
Total liabilities	100,000	7,561	55,294	11,998	174,853
Fund balances:					
Unreserved fund balance reported in:					
Special Revenue Funds	130,306	105,612	32,251	-	268,169
Capital Projects Fund	-	-	-	285,013	285,013
Total fund balances	130,306	105,612	32,251	285,013	553,182
<b>Total liabilities and fund balances</b>	<b>230,306</b>	<b>113,173</b>	<b>87,545</b>	<b>297,011</b>	<b>728,035</b>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	Special Revenue Funds			Capital Projects	Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Local Option Sales Tax	
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	100,430	-	48,331	300,177	448,938
Other	15,302	237,259	2,000	10,000	264,561
Total revenues	<u>115,732</u>	<u>237,259</u>	<u>50,331</u>	<u>310,177</u>	<u>713,499</u>
Expenditures:					
Current:					
Instruction:					
Other	-	235,860	-	-	235,860
Support services:					
Operation and maintenance of plant	99,510	-	-	-	99,510
Transportation	-	-	-	22,962	22,962
Other expenditures:					
Facilities acquisition	-	-	112,259	422,502	534,761
Total expenditures	<u>99,510</u>	<u>235,860</u>	<u>112,259</u>	<u>445,464</u>	<u>893,093</u>
Excess (deficiency) of revenues over (under) expenditures	16,222	1,399	(61,928)	(135,287)	(179,594)
Fund balances beginning of year	<u>114,084</u>	<u>104,213</u>	<u>94,179</u>	<u>420,300</u>	<u>732,776</u>
Fund balances end of year	<u>130,306</u>	<u>105,612</u>	<u>32,251</u>	<u>285,013</u>	<u>553,182</u>

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

Account	Balance	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	Beginning of Year				
	\$	\$	\$	\$	\$
Yearbook	756	19,928	12,783	-	7,901
Student council	287	6,077	5,431	(20)	913
MS student council	1,141	-	-	-	1,141
Cheerleading	30	5,642	4,268	110	1,514
Co-op and Greenthumb	13,812	13,741	12,564	-	14,989
FFA	7,635	47,352	47,105	-	7,882
FCCLA	2,179	13,287	10,079	14	5,401
Mock trial	-	-	150	200	50
Quiz bowl	-	40	249	209	-
Thespians	13	895	2,389	1,550	69
National Honor Society	951	-	262	-	689
Drill team	4,975	9,042	12,206	-	1,811
Baseball	1,547	5,009	9,908	3,615	263
Athletics	12,200	16,943	7,578	(18,084)	3,481
Softball	3,361	8,620	12,957	3,011	2,035
Basketball	11,199	16,590	16,497	-	11,292
Football	5,387	14,220	12,501	-	7,106
Track	-	4,838	14,292	10,340	886
Golf	1	111	813	800	99
Volleyball	4,960	9,911	15,742	3,551	2,680
Wrestling	213	777	1,307	500	183
Weightlifting	166	-	-	-	166
Class of 2005	23	-	-	-	23
Class of 2006	59	-	-	-	59
Class of 2007	73	452	-	-	525
Class of 2008	3,124	495	1,853	20	1,786
Class of 2009	66	13,516	10,299	20	3,303
Class of 2010	1	-	13	20	8
Class of 2011	-	-	5	20	15
Band	806	1,159	876	-	1,089
Chorus	-	2,046	351	-	1,695
Marketing	236	-	-	-	236
Chicago trip	110	10,995	10,378	-	727
Elementary activities	5,118	160	-	-	5,278
5th/6th grade student council	1,872	1,170	758	-	2,284
Concessions	100	-	-	-	100
Concession maintenance	1,994	-	-	652	2,646
Softball concessions	2,858	8,004	5,028	(3,345)	2,489
Baseball concessions	1,963	5,304	3,054	(3,183)	1,030
Industrial tech. mass production	3	817	664	-	156
Band	5,000	-	-	(5,000)	-
Wall Lake activities	14,055	118	-	5,000	19,173
June 30, 2007 accounts payable	(4,061)	-	(4,061)	-	-
June 30, 2008 accounts payable	-	-	7,561	-	(7,561)
<b>Total</b>	<b>104,213</b>	<b>237,259</b>	<b>235,860</b>	<b>-</b>	<b>105,612</b>

See accompanying independent auditor's report.

## WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2008	2007	2006	2005
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	2,095,470	2,160,923	2,129,584	2,186,484
Tuition	125,027	100,554	91,017	86,480
Other	1,383,179	417,193	275,590	289,357
Intermediate sources	15,671	-	-	-
State sources	2,437,886	2,320,783	2,255,492	2,237,989
Federal sources	175,563	202,480	313,267	381,756
Total revenues	<u>6,232,796</u>	<u>5,201,933</u>	<u>5,064,950</u>	<u>5,182,066</u>
Expenditures:				
Instruction:				
Regular	3,378,908	2,360,222	2,213,817	2,002,333
Special	356,935	310,097	396,141	369,397
Other	565,550	600,280	530,374	508,491
Support services:				
Student	66,431	57,846	60,542	77,135
Instructional staff	45,818	43,855	64,559	66,897
Administration	615,774	514,341	463,231	523,287
Operation and maintenance of plant	624,533	565,834	509,147	385,685
Transportation	312,120	237,417	318,811	195,394
Other expenditures:				
Facilities acquisition	534,761	422,413	141,088	61,581
AEA flowthrough	179,076	173,769	168,840	168,194
Total expenditures	<u>6,679,906</u>	<u>5,286,074</u>	<u>4,866,550</u>	<u>4,358,394</u>

# BURTON E. TRACY & CO., P.C.

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

To the Board of Education of  
Wall Lake View Auburn Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wall Lake View Auburn 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 our report thereon dated April 7, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Wall Lake View Auburn 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 Wall Lake View Auburn Community School District's financial statements that is more than inconsequential will not be prevented or detected by Wall Lake View Auburn Community School District's internal control. We

consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 08-I-A, 08-I-B, 08-I-C and 08-I-D are material weaknesses.

#### Compliance and Other Matters

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

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

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

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

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

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

April 7, 2009

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2008

Part I: Findings Related to the Financial Statements:

Significant deficiencies:

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

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

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

08-I-B Financial Reporting: During the audit, we identified material transactions for the Iowa Schools Cash Anticipation Program (ISCAP) that were not posted to the District's accounting records. Adjustments were subsequently made by the District to properly account for these amounts in the financial statements.

Recommendation: The District should implement procedures to ensure all ISCAP transactions are identified and included in the District's financial records.

District Response: We will double check these in the future to avoid any errors.

Conclusion: Response accepted.

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

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

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2008

Part I: Findings Related to the Financial Statements (continued):

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

Conclusion: Response accepted.

08-I-D Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The stamp is under the care, custody, and control of the administrative office. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: We recommend that this practice cease. The Board may designate a person other than the Board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2008

Part II: Other Findings Related to Statutory Reporting:

08-II-A Certified Budget: Expenditures for the year ended June 30, 2008, exceeded the amount budgeted in the support services function.

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

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

Conclusion: Response accepted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Chuck Brotherton, Board Member, part-owner of Lake View Lumber and Wall Lake Lumber	Supplies	26,765
Lisa Drest, Board Member, Part owner of Albrecht Oil	Fuel	29,473

The above transactions appear to be conflicts of interest. Business with district officials is a conflict of interest if bids are not taken or if the total amount exceeds \$2,500.

Recommendation: The District should consult legal council regarding this matter.

District Response: We will consult with our attorney.

Conclusion: Response accepted.

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

08-II-F Board Minutes: We noted five December 31, 2008 General Fund invoices, requiring board approval that were not on the list of bills approved by the board.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2008

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

Recommendation: The District should review its procedures for preparing the lists of bills for board approval. Chapter 179.29 of the Code of Iowa provides that "the Board shall audit all claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed." Chapter 279.30 of the Code of Iowa allows payment of specific items, such as utilities, postage and printing, without prior Board approval. The Board may approve a resolution designating certain other disbursements that may be paid prior to a Board Meeting with the approval of the superintendent. The Board's written policy should comply with Chapter 279.30 of the Code of Iowa. Then, except as expressly permitted, no checks should be prepared for claims that have not been properly audited and allowed. Any payments made prior to board approval as allowed should be approved by the board at the next meeting.

District Response: The omission of the December 31, 2008 payments was an over site. We will be more diligent in the future.

Conclusion: Response accepted.

08-II-G Certified Enrollment: The number of basic resident students reported to the Iowa Department of Education on Line 1 of the Certified Enrollment Certification Form for October 2007, was overstated by four students.

Recommendation: The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

District Response: We will contact these departments.

Conclusion: Response accepted.

08-II-H Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

08-II-I Certified Annual Report (CAR): The Certified Annual Report was certified timely to the Iowa Department of Education.

08-II-J Old Outstanding Checks: We noted that the District's bank reconciliations included approximately \$12,935 of old outstanding checks. Iowa Code Section 566 specifies that holders of unclaimed property, which includes outstanding checks, must file a report and send the unclaimed property to the Treasurer of Iowa.

Recommendation: The District should investigate the status of all old outstanding checks. Checks that were issued in error or in duplicate should be voided and removed from the list of outstanding checks. The District should search for the owners of all other outstanding checks, then reissue new checks if the owners are found. If the owners can not be found, the District must file an unclaimed property report and send the money to the Treasurer State of Iowa.

WALL LAKE VIEW AUBURN COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2008

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

District Response: We will begin investigating the status of old outstanding checks and we will file an unclaimed property report with the Treasurer of Iowa if necessary.

Conclusion: Response accepted.

08-II-K Construction Contract Change Orders: We noted that the Board of Directors did not approve change orders.

Recommendation: All contract changes should be approved by the Board and documented in the minutes.

District Response: All future contract changes will be documented in the minutes.

Conclusion: Response accepted.

08-II-V Physical Plant and Equipment Levy Fund: The Physical Plant and Equipment Levy Fund may be used to purchase equipment with a unit cost exceeding \$500. We noted that expenditures from this fund included approximately \$4,474 for chairs with a unit cost of less than \$500 per chair.

Recommendation: The District should be aware of the limitation on types of expenditures allowed from this fund and consider reimbursing the Physical Plant and Equipment Fund for the purchases from the General Fund.

District Response: We will monitor the expenditures from this fund and have General Fund make the reimbursement.

Conclusion: Response accepted.