

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT

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

JUNE 30, 2008

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
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WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT

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WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
 Officials
 June 30, 2008

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2007 Election)		
Allen Twedt	Board President	2008
Royce Heitmeier	Board Member	2007
Victoria Christy	Board Member	2007
Ben Luckenbill	Board Member	2008
Alan Mayberry	Board Member	2009
(After September 2007 Election)		
Allen Twedt	Board President	2008
Ben Luckenbill	Board Member	2008
Alan Mayberry	Board Member	2009
Royce Heitmeier	Board Member	2010
Steve Young	Board Member	2010
School Officials		
James Sleister	Superintendent	2008
Tina Diewold	District Secretary/Treasurer	2008
Toby Gordon	Attorney	2008
Schulte, Hahn, Swanson, Engler & Gordon Law Firm		

KAY L. CHAPMAN, CPA PC

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

Independent Auditor's Report

To the Board of Education
West Burlington Independent 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 West Burlington Independent School District, West Burlington, 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 West Burlington Independent 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 18, 2009 on my consideration of West Burlington Independent School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 43 through 44 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 West Burlington Independent 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 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Burlington Independent 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 \$5,478,967 in fiscal 2007 to \$5,997,297 in fiscal 2008, and General Fund expenditures increased from \$5,378,758 in fiscal 2007 to \$5,814,156 in fiscal 2008. The District's General Fund balance increased from \$(398,376) in fiscal 2007 to \$(214,205) in fiscal 2008, a 46 % increase.
- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal 2008. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures. One reason the General Fund balance increased is because of the increase in negotiated salary and benefits settlement was less than the District's increase in General Fund revenue for fiscal 2008.

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 West Burlington Independent 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 West Burlington Independent 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 West Burlington Independent 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 governmental funds.

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

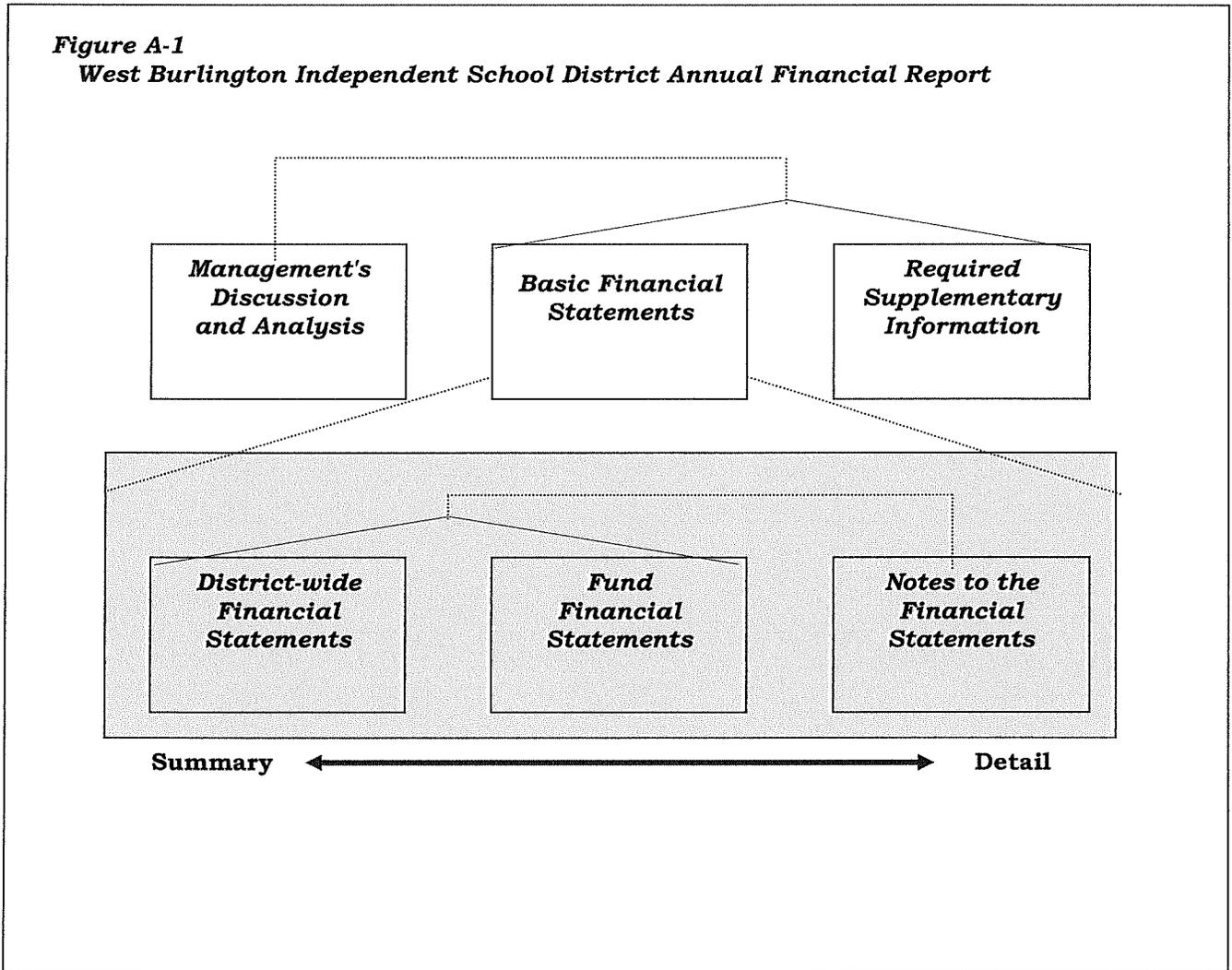


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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 fund:* Services for which the District charges a fee are generally reported in a proprietary fund. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, are the same as its business type activity, 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 the proprietary fund 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 a 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 fund 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 the fiduciary fund 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 Activities		Business Type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	\$ 4,960,266	\$ 4,729,675	\$ 46,648	\$ 44,064	\$ 5,006,914	\$ 4,773,739	4.88%
Capital assets	<u>6,457,734</u>	<u>6,529,287</u>	<u>19,967</u>	<u>18,148</u>	<u>6,477,701</u>	<u>6,547,435</u>	-1.07%
Total assets	<u>11,418,000</u>	<u>11,258,962</u>	<u>66,615</u>	<u>62,212</u>	<u>11,484,615</u>	<u>11,321,174</u>	1.44%
Long-term liabilities	2,598,109	3,195,929	-	-	2,598,109	3,195,929	-18.71%
Other liabilities	<u>4,779,219</u>	<u>4,789,294</u>	<u>17,273</u>	<u>16,097</u>	<u>4,796,492</u>	<u>4,805,391</u>	-0.19%
Total liabilities	<u>7,377,328</u>	<u>7,985,223</u>	<u>17,273</u>	<u>16,097</u>	<u>7,394,601</u>	<u>8,001,320</u>	-7.58%
Net assets							
Invested in capital assets, net of related debt	3,992,734	3,468,186	19,967	18,148	4,012,701	3,486,334	15.10%
Restricted	371,722	302,381	-	-	371,722	302,381	22.93%
Unrestricted	<u>(323,784)</u>	<u>(496,828)</u>	<u>29,375</u>	<u>27,967</u>	<u>(294,409)</u>	<u>(468,861)</u>	37.21%
Total net assets	<u>\$ 4,040,672</u>	<u>\$ 3,273,739</u>	<u>\$ 49,342</u>	<u>\$ 46,115</u>	<u>\$ 4,090,014</u>	<u>\$ 3,319,854</u>	23.20%

The District's combined net assets increased by approximately 23%, or \$770,160, 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 \$69,341, or approximately 23% over the prior year. The increase was primarily a result of an increase in the net assets of the Capital Projects Fund, which resulted from more local option sales and service tax being received than expended.

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 \$174,452, or approximately 37%. This increase in unrestricted net assets was a result of the District receiving more open enrollment revenue than anticipated.

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	\$ 1,866,864	\$ 1,654,635	\$ 123,184	\$ 124,542	\$ 1,990,048	\$ 1,779,177	11.85%
Operating grants	633,662	562,804	153,559	138,760	787,221	701,564	12.21%
General revenues							
Property tax	1,994,026	1,977,428	-	-	1,994,026	1,977,428	0.84%
Local option sales and services tax	468,491	435,746	-	-	468,491	435,746	7.51%
Unrestricted state grants	2,161,511	1,985,879	-	-	2,161,511	1,985,879	8.84%
Contributions and donations	43,557	6,826	-	-	43,557	6,826	538.10%
Unrestricted investment earnings	88,775	75,300	119	126	88,894	75,426	17.86%
Other	<u>1,031</u>	<u>11,736</u>	<u>-</u>	<u>-</u>	<u>1,031</u>	<u>11,736</u>	-91.22%
Total revenues	<u>7,257,917</u>	<u>6,710,354</u>	<u>276,862</u>	<u>263,428</u>	<u>7,534,779</u>	<u>6,973,782</u>	8.04%
Program expenses							
Governmental activities							
Instruction	3,982,827	3,827,029	-	-	3,982,827	3,827,029	4.07%
Support services	2,019,805	1,778,697	-	-	2,019,805	1,778,697	13.56%
Non-instructional programs	-	-	273,635	253,875	273,635	253,875	7.78%
Other expenses	<u>488,352</u>	<u>568,182</u>	<u>-</u>	<u>-</u>	<u>488,352</u>	<u>568,182</u>	-14.05%
Total expenses	<u>6,490,984</u>	<u>6,173,908</u>	<u>273,635</u>	<u>253,875</u>	<u>6,764,619</u>	<u>6,427,783</u>	5.24%
Change in net assets	<u>\$ 766,933</u>	<u>\$ 536,446</u>	<u>\$ 3,227</u>	<u>\$ 9,553</u>	<u>\$ 770,160</u>	<u>\$ 545,999</u>	41.06%

In fiscal 2008, property tax and unrestricted state grants account for 57% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for almost 100% of the revenue from business type activities.

The District's total revenues were \$7,534,779 of which \$7,257,917 was for governmental activities and \$276,862 was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 8% increase in revenues and a 5% increase in expenses. Property tax increased \$16,598 and unrestricted state grants increased \$175,632 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 \$7,257,917 and expenses were \$6,490,984 for the year ended June 30, 2008. The District’s revenue increased more than the expenditures due to an increase in property taxes and open enrollment, which helped fund the expenditures.

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	2008	2007	Change
			2007-2008			2007-2008
Instruction	\$ 3,982,827	\$ 3,827,029	4.1%	\$ 1,657,571	\$ 1,771,695	-6.4%
Support services	2,019,805	1,778,697	13.6%	2,007,544	1,767,300	13.6%
Other expenses	<u>488,352</u>	<u>568,182</u>	-14.1%	<u>325,343</u>	<u>417,474</u>	-22.1%
Total expenses	<u>\$ 6,490,984</u>	<u>\$ 6,173,908</u>	5.1%	<u>\$ 3,990,458</u>	<u>\$ 3,956,469</u>	0.9%

For the year ended June 30, 2008:

- The cost financed by users of the District’s programs was \$1,866,864.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$633,662.
- The net cost of governmental activities was financed with \$2,462,517 in property and other taxes and \$2,161,511 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2008 were \$276,862 representing a 5% increase over the prior year and expenses were \$273,635, a 7% increase over the prior year. The District’s business type activities consist of 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 instituted a closed campus lunch policy, resulting in an increase of students eating hot lunch at school.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Burlington Independent 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 \$197,447, well above last year's ending fund balances of \$(38,980). This was due to decreasing the expenses to fall under the available revenues.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of decreasing the expenses to fall under the available revenues.
- The General Fund balance increased from \$(398,376) to \$(214,205), due in part to a slight increase in property taxes and open enrollment, as well as keeping the expenditures under the available resources.

Proprietary Fund Highlights

Enterprise Fund net assets increased slightly from \$46,115 at June 30, 2007 to \$49,342 at June 30, 2008, representing an increase of approximately 6%.

BUDGETARY HIGHLIGHTS

Over the course of the year, West Burlington Independent School District amended its annual budget one time by \$660,292 to reflect additional expenditures associated with increased tuition, salaries, benefits, labor and general expenses.

The District's revenues were \$476,231 more than budgeted revenues, a variance of approximately 6%. The most significant variance resulted from the District receiving more in open enrollment revenue than originally anticipated.

Total expenditures were \$287,725 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$6,477,701, 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 1% 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 \$330,893.

The original cost of the District's capital assets was \$11,848,043. Governmental funds account for \$11,802,859, with the remainder of \$45,184 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the improvements other than buildings category. The District's improvements other than buildings totaled \$172,655 at June 30, 2008, compared to \$144,969 reported at June 30, 2007. This increase resulted from improvements to the baseball field completed during the year ended June 30, 2008.

Figure A-6

	Capital Assets, Net of Depreciation						
	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>
Land	\$ 117,000	\$ 117,000	\$ -	\$ -	\$ 117,000	\$ 117,000	0.00%
Buildings and improvements	5,779,596	5,844,521	-	-	5,779,596	5,844,521	-1.11%
Improvements, other than buildings	172,655	144,969	-	-	172,655	144,969	19.10%
Furniture and equipment	<u>388,483</u>	<u>422,797</u>	<u>19,967</u>	<u>18,148</u>	<u>408,450</u>	<u>440,945</u>	-7.37%
Totals	<u>\$6,457,734</u>	<u>\$6,529,287</u>	<u>\$19,967</u>	<u>\$18,148</u>	<u>\$6,477,701</u>	<u>\$6,547,435</u>	-1.07%

Long-Term Debt

At June 30, 2008, the District had \$2,598,109 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 19% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Figure A-7

	Outstanding Long-term Obligations		
	Total		Total
	School District		
	<u>2008</u>	<u>2007</u>	<u>2007-</u> <u>2008</u>
General obligation bonds	\$ 2,205,000	\$ 2,495,000	-11.62%
Revenue bonds	260,000	515,000	-49.51%
Bank loan	-	51,101	-100.00%
Early retirement	<u>133,109</u>	<u>134,828</u>	-1.27%
Total	<u>\$ 2,598,109</u>	<u>\$ 3,195,929</u>	-18.71%

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:

- Because of the number of West Burlington special education students open enrolled or tuitioned out, the district will see a significant increase in the special education expenses in 2008-2009.
- Due to declining enrollment of resident students for the 2007-2008 school year along with decrease in the taxable valuation, the District will see the impact of receiving less incoming dollars for the 2008-2009 school year. The decline in enrollment, combined with the state of the economy and possible cuts to future funding, will have a great impact financially on the District in the next couple of years.

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 Tina Diewold, District Secretary/Treasurer and Business Manager, West Burlington Independent School District, 211 Ramsey, West Burlington, Iowa, 52655.

Basic Financial Statements

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

Exhibit A

Assets	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and cash equivalents			
ISCAP	\$ 1,764,125	\$ -	\$ 1,764,125
Other	867,681	39,802	907,483
Receivables			
Property tax			
Delinquent	16,370	-	16,370
Succeeding year	2,096,630	-	2,096,630
Accounts receivable	2,977	725	3,702
Accrued interest			
ISCAP	6,936	-	6,936
Other	987	-	987
Due from other governments	204,560	-	204,560
Inventories	-	6,121	6,121
Non-depreciable capital assets	117,000	-	117,000
Capital assets, net of accumulated depreciation	<u>6,340,734</u>	<u>19,967</u>	<u>6,360,701</u>
Total assets	<u>11,418,000</u>	<u>66,615</u>	<u>11,484,615</u>
 Liabilities			
Accounts payable	131,182	264	131,446
Salaries and benefits payable	748,639	17,009	765,648
Accrued interest payable	16,400	-	16,400
Deferred revenue			
Succeeding year property tax	2,096,630	-	2,096,630
ISCAP warrants payable	1,753,000	-	1,753,000
ISCAP accrued interest payable	10,853	-	10,853
ISCAP unamortized premium	22,515	-	22,515
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	300,000	-	300,000
Revenue bonds payable	260,000	-	260,000
Early retirement payable	35,793	-	35,793
Portion due after one year			
General obligation bonds payable	1,905,000	-	1,905,000
Early retirement payable	<u>97,316</u>	<u>-</u>	<u>97,316</u>
Total liabilities	<u>7,377,328</u>	<u>17,273</u>	<u>7,394,601</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 3,992,734	\$ 19,967	\$ 4,012,701
Restricted for			
Physical plant and equipment levy	8,428	-	8,428
Debt service	8,252	-	8,252
Other special revenue purposes	74,890	-	74,890
Capital projects	280,152	-	280,152
Unrestricted	<u>(323,784)</u>	<u>29,375</u>	<u>(294,409)</u>
Total net assets	<u>\$ 4,040,672</u>	<u>\$ 49,342</u>	<u>\$ 4,090,014</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT 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	
<u>Primary Government</u>	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government	Total
Governmental activities					
Instruction					
Regular instruction	\$ 2,364,543	\$ 1,541,826	\$ 301,101	\$ (521,616)	\$ (521,616)
Special instruction	776,639	317,286	135,013	(324,340)	(324,340)
Other instruction	841,645	-	30,030	(811,615)	(811,615)
	3,982,827	1,859,112	466,144	(1,657,571)	(1,657,571)
Support services					
Student	192,263	-	-	(192,263)	(192,263)
Instructional staff	342,447	-	-	(342,447)	(342,447)
Administration	771,906	-	-	(771,906)	(771,906)
Operation and maintenance of plant	656,852	4,252	-	(652,600)	(652,600)
Transportation	56,337	3,500	4,509	(48,328)	(48,328)
	2,019,805	7,752	4,509	(2,007,544)	(2,007,544)
Other expenses					
Long-term debt interest	110,549	-	-	(110,549)	(110,549)
AEA flowthrough	163,009	-	163,009	-	-
Depreciation (unallocated) *	214,794	-	-	(214,794)	(214,794)
	488,352	-	163,009	(325,343)	(325,343)
Total governmental activities	6,490,984	1,866,864	633,662	(3,990,458)	(3,990,458)

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Exhibit B

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government	Total
<u>Functions/Programs (continued)</u>				
Primary Government (continued)				
Business type activities	Charges for Services			
Non-instructional programs				
Food service operations	\$ 123,184	\$ -	\$ 3,108	\$ 3,108
Total primary government	<u>\$ 1,990,048</u>	<u>\$ -</u>	<u>3,108</u>	<u>(3,987,350)</u>
	Expenses			
	\$ 273,635			
	<u>\$ 6,764,619</u>			
<u>General Revenues</u>				
Property tax levied for				
General purposes				1,545,342
Debt service				312,259
Capital outlay				136,425
Local option sales and services tax				468,491
Unrestricted state grants				2,161,511
Contributions and donations				43,557
Unrestricted investment earnings			119	88,894
Other				1,031
Total general revenues	<u>4,757,391</u>		<u>119</u>	<u>4,757,510</u>
Change in net assets	766,933		3,227	770,160
Net assets, beginning of year	3,273,739		46,115	3,319,854
Net assets, end of year	<u>\$ 4,040,672</u>		<u>\$ 49,342</u>	<u>\$ 4,090,014</u>

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

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2008

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments			
ISCAP	\$1,764,125	\$ -	\$1,764,125
Other	524,744	342,937	867,681
Receivables			
Property tax			
Delinquent	12,499	3,871	16,370
Succeeding year	1,495,025	601,605	2,096,630
Accounts receivable	1,512	1,465	2,977
Accrued interest			
ISCAP	6,936	-	6,936
Other	702	285	987
Due from other governments	136,003	68,557	204,560
Total assets and other debits	<u>\$3,941,546</u>	<u>\$ 1,018,720</u>	<u>\$4,960,266</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 125,719	\$ 5,463	\$ 131,182
Salaries and benefits payable	748,639	-	748,639
ISCAP warrants payable	1,753,000	-	1,753,000
ISCAP accrued interest payable	10,853	-	10,853
ISCAP unamortized premium	22,515	-	22,515
Deferred revenue			
Succeeding year property tax	1,495,025	601,605	2,096,630
Total liabilities	<u>4,155,751</u>	<u>607,068</u>	<u>4,762,819</u>
Fund balances			
Reserved for			
Debt service	-	24,652	24,652
Market Factor program	2,567	-	2,567
Unreserved, governmental funds	(216,772)	280,152	63,380
Unreserved, special revenue funds	-	106,848	106,848
Total fund balances	<u>(214,205)</u>	<u>411,652</u>	<u>197,447</u>
Total liabilities and fund balances	<u>\$3,941,546</u>	<u>\$ 1,018,720</u>	<u>\$4,960,266</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT 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	\$ 197,447
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.	6,457,734
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.	(16,400)
Long-term liabilities, including bonds and early retirement termination benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,598,109)</u>
Net assets of governmental activities	<u>\$4,040,672</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT 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>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Revenues			
Local sources			
Local tax	\$1,429,371	\$ 1,032,186	\$ 2,461,557
Tuition	1,605,075	-	1,605,075
Other	166,928	227,194	394,122
State sources	2,633,786	210	2,633,996
Federal sources	162,137	-	162,137
Total revenues	<u>5,997,297</u>	<u>1,259,590</u>	<u>7,256,887</u>
Expenditures			
Current			
Instruction			
Regular	2,490,507	18,490	2,508,997
Special	776,639	-	776,639
Other	680,879	160,766	841,645
	<u>3,948,025</u>	<u>179,256</u>	<u>4,127,281</u>
Support services			
Student	171,131	19,899	191,030
Instructional staff	277,027	-	277,027
Administration	633,630	8,451	642,081
Operation and maintenance of plant	548,747	130,770	679,517
Transportation	72,587	5,123	77,710
	<u>1,703,122</u>	<u>164,243</u>	<u>1,867,365</u>
Other expenditures			
Facilities acquisition	-	152,946	152,946
Long-term debt			
Principal	-	596,101	596,101
Interest and fiscal charges	-	114,788	114,788
AEA flowthrough	163,009	-	163,009
	<u>163,009</u>	<u>863,835</u>	<u>1,026,844</u>
Total expenditures	<u>5,814,156</u>	<u>1,207,334</u>	<u>7,021,490</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT 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>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Excess of revenues over expenditures	\$ 183,141	\$ 52,256	\$ 235,397
Other financing sources (uses)			
Sale of equipment and materials	1,030	-	1,030
Interfund operating transfers in	-	393,619	393,619
Interfund operating transfers (out)	-	(393,619)	(393,619)
Total other financing sources	<u>1,030</u>	<u>-</u>	<u>1,030</u>
Net change in fund balances	184,171	52,256	236,427
Fund balance, beginning of year	<u>(398,376)</u>	<u>359,396</u>	<u>(38,980)</u>
Fund balance, end of year	<u>\$ (214,205)</u>	<u>\$ 411,652</u>	<u>\$ 197,447</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT 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 \$236,427

**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	\$255,575	
Depreciation expense	<u>(327,128)</u>	(71,553)

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. 596,101

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Early retirement	1,719
------------------	-------

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. 4,239

Change in net assets of governmental activities \$766,933

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Net Assets
Proprietary Fund
June 30, 2008

Exhibit G

	<u>Nonmajor Enterprise School Nutrition</u>
Assets	
Cash and pooled investments	\$ 39,802
Accounts receivable	725
Inventories	6,121
Capital assets, net of accumulated depreciation	<u>19,967</u>
Total assets	<u>66,615</u>
 Liabilities	
Accounts payable	264
Salaries and benefits payable	<u>17,009</u>
Total liabilities	<u>17,273</u>
 Net Assets	
Invested in capital assets	19,967
Unrestricted	<u>29,375</u>
Total net assets	<u>\$ 49,342</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2008

Exhibit H

	<u>Nonmajor Enterprise School Nutrition</u>
Operating revenue	
Local sources	
Charges for service	<u>\$123,184</u>
Operating expenses	
Support services	
Operation and maintenance of plant	
Purchased services	4,833
Non-instructional programs	
Food service operations	
Salaries and benefits	97,136
Benefits	33,229
Purchased services	10,218
Supplies	123,831
Miscellaneous	623
Depreciation	<u>3,765</u>
Total operating expenses	<u>273,635</u>
Operating loss	<u>(150,451)</u>
Non-operating revenues	
Interest income	119
State sources	3,646
Federal sources	<u>149,913</u>
Total non-operating revenues	<u>153,678</u>
Net income	3,227
Net assets, beginning of year	<u>46,115</u>
Net assets, end of year	<u><u>\$ 49,342</u></u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

Exhibit I

	Nonmajor Enterprise School Nutrition
Cash flows from operating activities	
Cash received from sale of services	\$ 122,854
Cash payments to employees for services	(128,813)
Cash payments to suppliers for goods and services	(134,162)
Net cash used in operating activities	(140,121)
Cash flows from non-capital financing activities	
State grants received	3,646
Federal grants received	141,740
Net cash provided by non-capital financing activities	145,386
Cash flows from capital and related financing activities	
Acquisition of capital assets	(5,584)
Cash flows from investing activities	
Interest on investments	119
Net decrease in cash and cash equivalents	(200)
Cash and cash equivalents, beginning of year	40,002
Cash and cash equivalents, end of year	\$ 39,802

**Reconciliation of operating loss to net cash
used in operating activities**

Operating loss	\$(150,451)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	3,765
Commodities used	8,173
(Increase) in accounts receivable	(330)
(Increase) in inventory	(2,454)
(Decrease) in accounts payable	(376)
Increase in accrued salaries and benefits	1,552
Net cash used in operating activities	\$(140,121)

Non-cash investing, capital and financing activities

During the year ended June 30, 2008, the District received \$8,173 of federal commodities.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2008

Exhibit J

	Private Purpose Trust <u>Scholarships</u>
Assets	
Cash and pooled investments	\$ 300
Liabilities	<u>-</u>
Net assets	
Reserved for scholarships	<u>\$ 300</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2008

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	\$ -
Deductions	<u>-</u>
Change in net assets	-
Net assets, beginning of year	<u>300</u>
Net assets, end of year	<u><u>\$ 300</u></u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2008

Note 1. Summary of Significant Accounting Policies

The West Burlington Independent 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 City of West Burlington, Iowa, and the agricultural territory in Des Moines County. 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, West Burlington Independent 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 West Burlington Independent School District has no component units which meet the Governmental Accounting Standards Board criteria.

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 District reports no major proprietary funds. However, the District reports one nonmajor proprietary fund, the School Nutrition enterprise fund, which is used to account for the food service operations of the District.

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, early retirement termination benefits 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 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 are 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, 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	\$1,000
Buildings	\$1,000
Improvements other than buildings	\$1,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$1,000

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 & Improvements	7-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 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.

Early Retirement Termination Benefit - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2008. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

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 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.

Designated Fund Balance - The District has designated a portion of its fund balance for specific programs.

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 \$8,428 of net assets 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 did not exceed the amounts 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:

	Amortized
	<u>Cost</u>
Diversified Portfolio	\$ 179,849

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

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

Note 3. 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>
Non-major governmental Fund	Non-major special revenue fund	\$ 53,406
Non-major governmental Fund	Non-major governmental fund	<u>340,213</u>
Total		<u>\$ 393,619</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 Physical Plant and Equipment Levy Fund and Capital Projects Fund to Debt Service Fund were for principal and interest payments on long-term debt.

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

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

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>	<u>Unamortized Premium</u>
2007-08B	1/23/08	1/23/09	\$ 642,054	\$ 6,510	\$ 640,000	\$ 10,426	\$ 3,427
2008-09A	6/26/08	6/25/09	<u>1,122,071</u>	<u>426</u>	<u>1,113,000</u>	<u>427</u>	<u>19,088</u>
			<u>\$ 1,764,125</u>	<u>\$ 6,936</u>	<u>\$ 1,753,000</u>	<u>\$ 10,853</u>	<u>\$22,515</u>

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

<u>Series</u>	<u>Balance, Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance, End of Year</u>
2007-08B	\$ -	\$ 455,000	\$ 455,000	\$ -

The warrants bear an interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2007-08A	4.50%	5.455%
2007-08B	3.75%	3.451%
2008-09A	3.50%	3.469%

Note 5. Capital Assets

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

<u>Governmental activities</u>	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Capital assets not being depreciated:				
Land	\$ 117,000	\$ -	\$ -	\$ 117,000
Capital assets being depreciated:				
Buildings and improvements	9,157,309	119,510	-	9,276,819
Improvements other than buildings	429,468	48,968	-	478,436
Furniture and equipment	<u>1,843,507</u>	<u>87,097</u>	<u>-</u>	<u>1,930,604</u>
Total capital assets being depreciated	<u>11,430,284</u>	<u>255,575</u>	<u>-</u>	<u>11,685,859</u>
Less accumulated depreciation for:				
Buildings and improvements	3,312,788	184,435	-	3,497,223
Improvements other than buildings	284,499	21,282	-	305,781
Furniture and equipment	<u>1,420,710</u>	<u>121,411</u>	<u>-</u>	<u>1,542,121</u>
Total accumulated depreciation	<u>5,017,997</u>	<u>327,128</u>	<u>-</u>	<u>5,345,125</u>
Total capital assets being depreciated, net	<u>6,412,287</u>	<u>(71,553)</u>	<u>-</u>	<u>6,340,734</u>
Governmental activities capital assets, net	<u>\$ 6,529,287</u>	<u>\$ (71,553)</u>	<u>\$ -</u>	<u>\$ 6,457,734</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 39,600	\$ 5,584	\$ -	\$ 45,184
Less accumulated depreciation	<u>21,452</u>	<u>3,765</u>	<u>-</u>	<u>25,217</u>
Business type activities capital assets, net	<u>\$ 18,148</u>	<u>\$ 1,819</u>	<u>\$ -</u>	<u>\$ 19,967</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 14,470
Support services	
Student support	1,233
Instructional staff services	64,266
Administration	7,056
Operation and maintenance of plant	6,114
Transportation	19,195
Unallocated depreciation	<u>214,794</u>
Total governmental activities depreciation expense	<u>\$ 327,128</u>

Business type activities

Food services	<u>\$ 3,765</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 refunded bonds	\$ 2,495,000	\$ -	\$ (290,000)	\$ 2,205,000	\$ 300,000
Revenue bonds	515,000	-	(255,000)	260,000	260,000
Bank loan	51,101	-	(51,101)	-	-
Early retirement	134,828	28,395	(30,114)	133,109	35,793
Totals	<u>\$ 3,195,929</u>	<u>\$ 28,395</u>	<u>\$ (626,215)</u>	<u>\$ 2,598,109</u>	<u>\$ 595,793</u>

Interest costs incurred and charged to expense on all long-term debt was \$110,549 for the year ended June 30, 2008.

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of April 1, 2005			
	Interest %	Principal	Interest	Total
2009	3.5%	\$ 300,000	\$ 86,700	\$ 386,700
2010	4.0%	310,000	76,200	386,200
2011	4.0%	325,000	63,800	388,800
2012	4.0%	335,000	50,800	385,800
2013	4.0%	350,000	37,400	387,400
2014-2015	4.0%	<u>585,000</u>	<u>32,200</u>	<u>617,200</u>
Totals		<u>\$ 2,205,000</u>	<u>\$ 347,100</u>	<u>\$ 2,552,100</u>

On April 1, 2005, the District issued general obligation bonds of \$2,775,000. This was a crossover refunding of the bond issue of February 1, 1996. Proceeds from the 2006 issue were used to pay the balance of the 1996 issue, which were called for payment on May 1, 2006.

Revenue Bonds Payable

The District has pledged future local option sales and services tax revenues to repay the \$1,460,000 bonds issued June 1, 2003. The bonds were issued to provide funds to build and furnish additions to improve, repair and remodel existing attendance centers. 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 2009. 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 57 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$267,800. For the current year, \$269,812 of principal and interest was paid on the bonds and total local option sales and services tax revenues were \$468,491.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$146,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Year Ending <u>June 30,</u>	<u>Bond issue of July 1, 2003</u>			
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	3.00%	\$ 260,000	\$ 7,800	\$ 267,800

Early Retirement Termination Benefit

Sick leave days accrue at 10-15 days per year (depending upon an employee's status) to a maximum of 105 days. Upon retirement, after attaining age 59 with 10 years of service to the District and upon Board approval, an employee may receive a severance benefit based on a percentage of accumulated sick leave days, payable at the employee's per diem salary on the last day of employment, according to the following schedule:

<u># Years of Service</u>	<u>%</u>
10-14	20
15-19	30
20-24	40
25 or more	50

Individuals who elect early retirement but have not reached their 65th birthday are eligible to have the District continue to pay their insurance benefits through the month of their 65th birthday. Seven individuals are currently receiving this benefit. Early retirement expenditures for the year ended June 30, 2008 totaled \$30,114.

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 3.70% 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 \$214,435, \$187,357 and \$181,863 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 \$163,009 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. 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.

Note 11. Deficit Balances

The District had a negative unrestricted, unreserved fund balance of \$216,772 in the General Fund at June 30, 2008. The Governmental activities also had negative unrestricted net assets of \$323,784 at June 30, 2008.

Required Supplementary Information

WEST BURLINGTON INDEPENDENT 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
 For the Year Ended June 30, 2008

	Governmental Funds		Proprietary Fund		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
Revenues								
Local sources	\$4,460,754		\$123,303		\$4,584,057	\$4,186,802	\$4,186,802	\$397,255
Intermediate sources	-		-		-	1,000	1,000	(1,000)
State sources	2,633,996		3,646		2,637,642	2,550,576	2,550,576	87,066
Federal sources	162,137		149,913		312,050	319,140	319,140	(7,090)
Total revenues	<u>7,256,887</u>		<u>276,862</u>		<u>7,533,749</u>	<u>7,057,518</u>	<u>7,057,518</u>	<u>476,231</u>
Expenditures/Expenses								
Instruction	4,127,281		-		4,127,281	3,850,466	4,175,000	47,719
Support services	1,867,365		4,833		1,872,198	1,772,950	1,963,850	91,652
Non-instructional programs	-		268,802		268,802	280,000	300,000	31,198
Other expenditures	1,026,844		-		1,026,844	1,019,142	1,144,000	117,156
Total expenditures/expenses	<u>7,021,490</u>		<u>273,635</u>		<u>7,295,125</u>	<u>6,922,558</u>	<u>7,582,850</u>	<u>287,725</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	235,397		3,227		238,624	134,960	(525,332)	763,956
Net other financing sources	<u>1,030</u>		<u>-</u>		<u>1,030</u>	<u>-</u>	<u>-</u>	<u>1,030</u>
Net change in fund balance	236,427		3,227		239,654	134,960	(525,332)	764,986
Balance, beginning of year	<u>(38,980)</u>		<u>46,115</u>		<u>7,135</u>	<u>(41,674)</u>	<u>(41,674)</u>	<u>48,809</u>
Balance, end of year	<u>\$ 197,447</u>		<u>\$ 49,342</u>		<u>\$ 246,789</u>	<u>\$ 93,286</u>	<u>\$ (567,006)</u>	<u>\$813,795</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT 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 the Private Purpose Trust Fund. 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 \$660,292.

Other Supplementary Information

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

Schedule 1

	Special Revenue					
	Management <u>Levy</u>	Student <u>Activity</u>	Physical Plant and Equipment <u>Levy</u>	Capital <u>Projects</u>	Debt <u>Service</u>	<u>Total</u>
Assets						
Cash and pooled investments	\$ 22,521	\$78,030	\$ 7,554	\$212,177	\$ 22,655	\$ 342,937
Receivables						
Property tax						
Delinquent	1,007	-	871	-	1,993	3,871
Succeeding year	145,000	-	139,655	-	316,950	601,605
Accounts receivable	-	1,465	-	-	-	1,465
Accrued interest receivable	-	-	1	284	-	285
Due from other governments	2	-	2	68,549	4	68,557
Total assets	<u>\$168,530</u>	<u>\$79,495</u>	<u>\$148,083</u>	<u>\$281,010</u>	<u>\$341,602</u>	<u>\$1,018,720</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 4,605	\$ -	\$ 858	\$ -	\$ 5,463
Deferred revenue						
Succeeding year property tax	145,000	-	139,655	-	316,950	601,605
Total liabilities	145,000	4,605	139,655	858	316,950	607,068
Fund balances						
Reserved for debt service	-	-	-	-	24,652	24,652
Unreserved fund balances	23,530	74,890	8,428	280,152	-	387,000
Total fund balances	23,530	74,890	8,428	280,152	24,652	411,652
Total liabilities and fund balances	<u>\$168,530</u>	<u>\$79,495</u>	<u>\$148,083</u>	<u>\$281,010</u>	<u>\$341,602</u>	<u>\$1,018,720</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT 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>	<u>Debt Service</u>	
Local sources						
Local taxes	\$115,160	\$ -	\$136,380	\$468,491	\$312,155	\$1,032,186
Other	11,618	166,220	42,389	6,967	-	227,194
State sources	<u>61</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>104</u>	<u>210</u>
Total revenues	<u>126,839</u>	<u>166,220</u>	<u>178,814</u>	<u>475,458</u>	<u>312,259</u>	<u>1,259,590</u>
Expenditures						
Current						
Instruction						
Regular	18,490	-	-	-	-	18,490
Other	<u>-</u>	<u>160,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,766</u>
Total instruction	<u>18,490</u>	<u>160,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,256</u>
Support services						
Student	19,899	-	-	-	-	19,899
Administration	5,971	2,480	-	-	-	8,451
Operation and maintenance of plant	90,202	-	40,568	-	-	130,770
Transportation	<u>5,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,123</u>
Total support services	<u>121,195</u>	<u>2,480</u>	<u>40,568</u>	<u>-</u>	<u>-</u>	<u>164,243</u>
Other expenditures						
Facilities acquisition	-	-	81,295	71,651	-	152,946
Long-term debt						
Principal	-	-	-	-	596,101	596,101
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,788</u>	<u>114,788</u>
Total other expenditures	<u>-</u>	<u>-</u>	<u>81,295</u>	<u>71,651</u>	<u>710,889</u>	<u>863,835</u>
Total expenditures	<u>139,685</u>	<u>163,246</u>	<u>121,863</u>	<u>71,651</u>	<u>710,889</u>	<u>1,207,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,846)</u>	<u>2,974</u>	<u>56,951</u>	<u>403,807</u>	<u>(398,630)</u>	<u>52,256</u>
Other financing sources (uses)						
Interfund operating transfers in	-	-	-	-	393,619	393,619
Interfund operating transfers (out)	<u>-</u>	<u>-</u>	<u>(53,406)</u>	<u>(340,213)</u>	<u>-</u>	<u>(393,619)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(53,406)</u>	<u>(340,213)</u>	<u>393,619</u>	<u>-</u>
Net change in fund balances	(12,846)	2,974	3,545	63,594	(5,011)	52,256
Fund balances, beginning of year	36,376	71,916	4,883	216,558	29,663	359,396
Fund balances, end of year	<u>\$ 23,530</u>	<u>\$74,890</u>	<u>\$ 8,428</u>	<u>\$280,152</u>	<u>\$ 24,652</u>	<u>\$ 411,652</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT 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	Intra-Fund Transfers	Balance, End of Year
Athletics	\$ 11,349	\$ 94,730	\$ 96,945	\$ (7,514)	\$ 1,620
Art club	647	2,388	2,390	-	645
Elementary store	87	-	-	-	87
Future Homemakers of America	629	1,322	1,908	-	43
Octagon	263	-	-	-	263
Recycle club	16	-	-	-	16
National Honor Society	(252)	-	274	-	(526)
Pep club	2,395	5,669	5,197	(50)	2,817
Alternative activities	1,296	-	-	-	1,296
SADD	1,152	41	528	-	665
High school science club	1,215	3,219	2,685	539	2,288
Middle school science club	205	-	-	-	205
Spanish club	861	369	452	-	778
Speech	349	195	-	-	544
Post prom	(145)	10,451	10,066	-	240
Student council	3,657	7,351	6,440	-	4,568
Middle school student council	426	295	129	-	592
Nature club	136	-	-	(136)	-
River Watchers	403	-	-	(403)	-
Academic club	68	-	-	-	68
Class of:					
1999	113	-	-	(113)	-
2000	(227)	-	-	227	-
2001	46	-	-	(46)	-
2002	181	-	-	(181)	-
2003	126	-	-	(126)	-
2004	481	-	-	(481)	-
2005	(284)	-	-	284	-
2006	(146)	-	-	146	-
2007	674	-	6	-	668
2008	1,725	563	3,122	881	47
2009	3,750	62	997	(820)	1,995
2010	1,086	16	-	587	1,689
2011	636	16	-	514	1,166
2012	294	40	-	312	646
2013	-	16	-	336	352

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT 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	Intra-Fund Transfers	Balance, End of Year
Pop machines	\$ 8,864	\$ 4,732	\$ 3,419	\$ -	\$ 10,177
Fundraising - Carter	135	246	117	448	712
Fundraising - Lau	1,505	30	274	-	1,261
Fundraising - Housel	49	4,224	465	(50)	3,758
Fundraising - Anderson	50	-	-	(50)	-
Home ec resale	231	-	-	-	231
Music resale	(1,812)	-	-	-	(1,812)
Yearbook	853	6,506	8,186	6,554	5,727
Drama	4,467	2,546	2,078	-	4,935
Interest	5,738	1,591	2,480	-	4,849
Cheerleaders	813	5,115	4,832	-	1,096
Middle school cheerleaders	461	-	-	-	461
High school students	3,520	368	867	105	3,126
Student activities	1,812	10,119	8,384	-	3,547
Character counts	1,707	60	-	(447)	1,320
Middle school students	3,866	368	25	55	4,264
Special needs	59	-	-	-	59
Elementary students	6,386	3,572	980	(571)	8,407
Totals	<u>\$ 71,916</u>	<u>\$ 166,220</u>	<u>\$ 163,246</u>	<u>\$ -</u>	<u>\$ 74,890</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT 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	\$2,461,557	\$2,412,175	\$2,244,519	\$2,197,021
Tuition	1,605,075	1,418,905	1,297,548	1,275,143
Other	394,122	326,539	347,559	295,197
Intermediate sources	-	-	-	4,500
State sources	2,633,996	2,366,979	2,271,340	2,063,795
Federal sources	162,137	182,704	160,616	175,141
Total revenues	<u>\$7,256,887</u>	<u>\$6,707,302</u>	<u>\$6,321,582</u>	<u>\$6,010,797</u>
Expenditures				
Current				
Instruction				
Regular	\$2,508,997	\$2,273,662	\$2,768,537	\$2,438,568
Special	776,639	759,787	522,793	676,180
Other	841,645	800,026	396,889	514,212
Support services				
Student	191,030	168,435	157,763	154,606
Instructional staff	277,027	322,784	255,231	146,940
Administration	642,081	599,558	543,696	492,185
Operation and maintenance of plant	679,517	585,857	540,321	525,017
Transportation	77,710	68,197	100,591	89,423
Other expenditures				
Facilities acquisition	152,946	166,826	225,816	435,007
Long-term debt				
Principal	596,101	573,899	3,240,000	635,780
Interest and other charges	114,788	132,888	292,279	242,611
AEA flowthrough	163,009	150,708	143,295	132,340
Total expenditures	<u>\$7,021,490</u>	<u>\$6,602,627</u>	<u>\$9,187,211</u>	<u>\$6,482,869</u>

See accompanying Independent Auditor's Report.

KAY L. CHAPMAN, CPA PC

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Muscatine, Iowa 52761
563-264-1385

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
West Burlington Independent 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 West Burlington Independent 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 18, 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 West Burlington Independent 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 West Burlington Independent School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of West Burlington Independent 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 described 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 West Burlington Independent 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 West Burlington Independent School District's

financial statements that is more than inconsequential will not be prevented or detected by West Burlington Independent 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 West Burlington Independent 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, B and C are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Burlington Independent 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.

West Burlington Independent 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 West Burlington Independent 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 West Burlington Independent School District and other parties to whom West Burlington Independent School District may report, including federal awarding agencies and other 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 West Burlington Independent 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 18, 2009

WEST BURLINGTON INDEPENDENT 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 individual performs the following duties: as 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.

WEST BURLINGTON INDEPENDENT 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.

- C. Use of District's Federal Identification Number - It was noted during the audit that the WBEA, WB Little League and Memorial organizations are using the District's federal identification number on their bank accounts.

Recommendation - Organizations that are not part of the school district should not use the District's federal identification number. The District should contact the organizations and insist that they discontinue using the District's federal identification number. If the organizations continue to use the District's federal identification number, the organizations' funds and records should be incorporated into the District's accounting system as agency funds.

Response - We will talk to the organizations about getting their own federal identification numbers and insist that they discontinue using the District's.

Conclusion - Response accepted.

- D. Use of Purchase Orders - It was noted during the audit that the District does not use purchase orders for all expenditures.

Recommendation - The District should use purchase orders for all expenditures to ensure that all purchases are pre-approved by the appropriate authorized personnel, that purchases are made from pre-approved vendors and that funds are available in the line-item budget for the expenditure.

Response - We will review our procedures regarding the use of purchase orders and implement your recommendation to the extent we deem necessary.

Conclusion - Response accepted.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2008 did not exceed the amended amounts budgeted.
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.
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.
10. Deficit Balance - The District's General Fund had an unrestricted fund balance deficit of \$216,772 at June 30, 2008. The District's governmental activities also had negative unrestricted net assets of \$323,784 at June 30, 2008.

Recommendation - The District should investigate alternatives to eliminate these deficits in order to return these balances to a sound financial condition.

Response - The District is continuing to investigate alternatives to eliminate these deficits.

Conclusion - Response accepted.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2008

11. Competitive Bidding Requirements - The District did not comply with Chapters 26.2 through 26.13 of the Code of Iowa regarding competitive bid requirements for public improvements with estimated total cost exceeding \$100,000. The District did not hold a public hearing, publicize for sealed bids or have an engineer involved in the public improvement project.

Recommendation - The District should review the competitive bid requirements in the Code of Iowa and ensure that they comply with the applicable requirements on all future public improvement projects.

Response - We were not aware that the competitive bid requirements were applicable to this project. We will review the requirements and be more attentive of this in the future.

Conclusion - Response accepted.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Audit Staff
June 30, 2008

This audit was performed by

Kay Chapman, CPA
Tammy Calvert, staff accountant