



COMPREHENSIVE ANNUAL FINANCIAL REPORT

JOHNSTON COMMUNITY SCHOOL DISTRICT
JOHNSTON, IOWA

YEAR ENDED JUNE 30, 2007
WITH REPORT OF INDEPENDENT AUDITORS

Official Issuing Report

Jan Miller-Hook, Executive Director of Financial Services

Office Issuing Report

Administrative Services Division

JOHNSTON COMMUNITY SCHOOL DISTRICT

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Johnston Community School District

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Jan Miller-Hook, Executive Director of Financial Services

October 26, 2007

Members of the Board of Education
Johnston Community School District
Johnston, Iowa

The Comprehensive Annual Financial Report (CAFR) for the Johnston Community School District for the fiscal year ended June 30, 2007 is submitted herewith.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all District funds. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

The 2007 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit Compliance. The Introductory Section includes a transmittal letter, the District's organizational chart, a list of District officials, and the Certificate of Achievement for Excellence in Financial reporting presented by the Government Finance Officers Association and the Association of School Business Officials.

The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The Management's Discussion and Analysis presents financial highlights and information.

The Statistical Section sets forth selected unaudited financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

Reporting Entity

This report includes all entities or organizations that are required to be included in the school district's reporting entity. The District is a separate reporting entity and is not included in any other reporting entity. A seven-member elected Board of Directors, who serve three-year terms, govern the Johnston Community School District. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Johnston Community School District is located in the northwest part of Polk County and one of the fastest growing suburbs of Des Moines, Iowa. The District is the 15th largest of Iowa's 365 public school systems. The enrollment is approximately 5,396 students. The District provides a full range of educational services appropriate to students in early childhood, preschool and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

In addition to the elementary, middle school and high school programs offered in the District, there are additional opportunities for achieving success. Students attend METRO West, an alternative school for students who function better in a less-structured environment. Students may also attend the Central Academy that affords additional opportunities for a greater breadth of classes.

The District serves these students in one high school, two middle schools and five elementary schools (Timber Ridge Elementary opened August 2007). All of these buildings are either new or remodeled in the past 25 years.

Economic Condition and Outlook

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country. The economic condition and outlook is stable. The District has experienced tremendous growth over the past several years. This growth has had a positive effect on employment and the District's tax base. The District has averaged a nearly 10% annual increase in the tax base over the past ten years and continued this trend in 2007.

Based on conservative projections, this trend is expected to continue well into the next decade. While having a positive impact, the growth also presents significant challenges for the District. The District utilizes the optional instructional support levy at a level deemed appropriate and will need to continue a high level of efficient use of human resources and facilities.

Retail sales, building permits, and population increases in the western suburbs far exceed that of any other location in the metropolitan area or in the State of Iowa. These increases are expected to continue if economic conditions remain stable.

Major Initiatives

The execution of the updated 10-Year Capital Improvement Plan began during the year. It is projected that the district will continue to grow for the foreseeable future with growth topping out at 6,000 – 6,500 students. Construction was mostly completed on the new elementary (Timber Ridge Elementary) which opened August 2007 as well as the Middle School expansion. Most of the work on the tennis courts and and football field was completed during fiscal year 2007, and work began on the baseball facility. In addition, construction began on the remodel and expansion of the High School.

In order to fund these projects, \$26.5 million in general obligation bonds were sold in fiscal year 2006 and 10 million August 2007. The sale came from previous voter approval of a \$36.5 million bond referendum. The general obligation bonds will be repaid with Local Option Sales and Services Taxes until the levy expires. At that time, the remaining debt will be repaid with property taxes.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control

As demonstrated by the statements and schedules included in the Management's Discussion and Analysis included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

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

Cash Management

Cash temporarily idle during the year was invested in sweep accounts and the Iowa School Joint Investment Trust. In addition, funds from GOB proceeds have been invested in certificates of deposit that allow monthly withdrawals for construction payments.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnston Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) upon recommendation of the Association's Panel of Review, which has judged that the report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program. A certificate is valid for a period of one year and we are submitting this report to ASBO to determine its eligibility for another certificate.

Acknowledgements

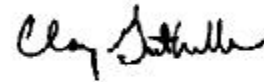
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire central administrative support staff and our auditors, Van Maanen and Associates, P.C. Finally, we would like to thank the Board of Education for their continued interest and support in conducting the financial operations of the District in a most responsible and progressive manner.

We are pleased to present this report of the results of the District's financial operation for the fiscal year ended June 30, 2007. It is our hope that study and review of this report will provide a better understanding of the District's financial operation for the District patrons.

Respectfully submitted,

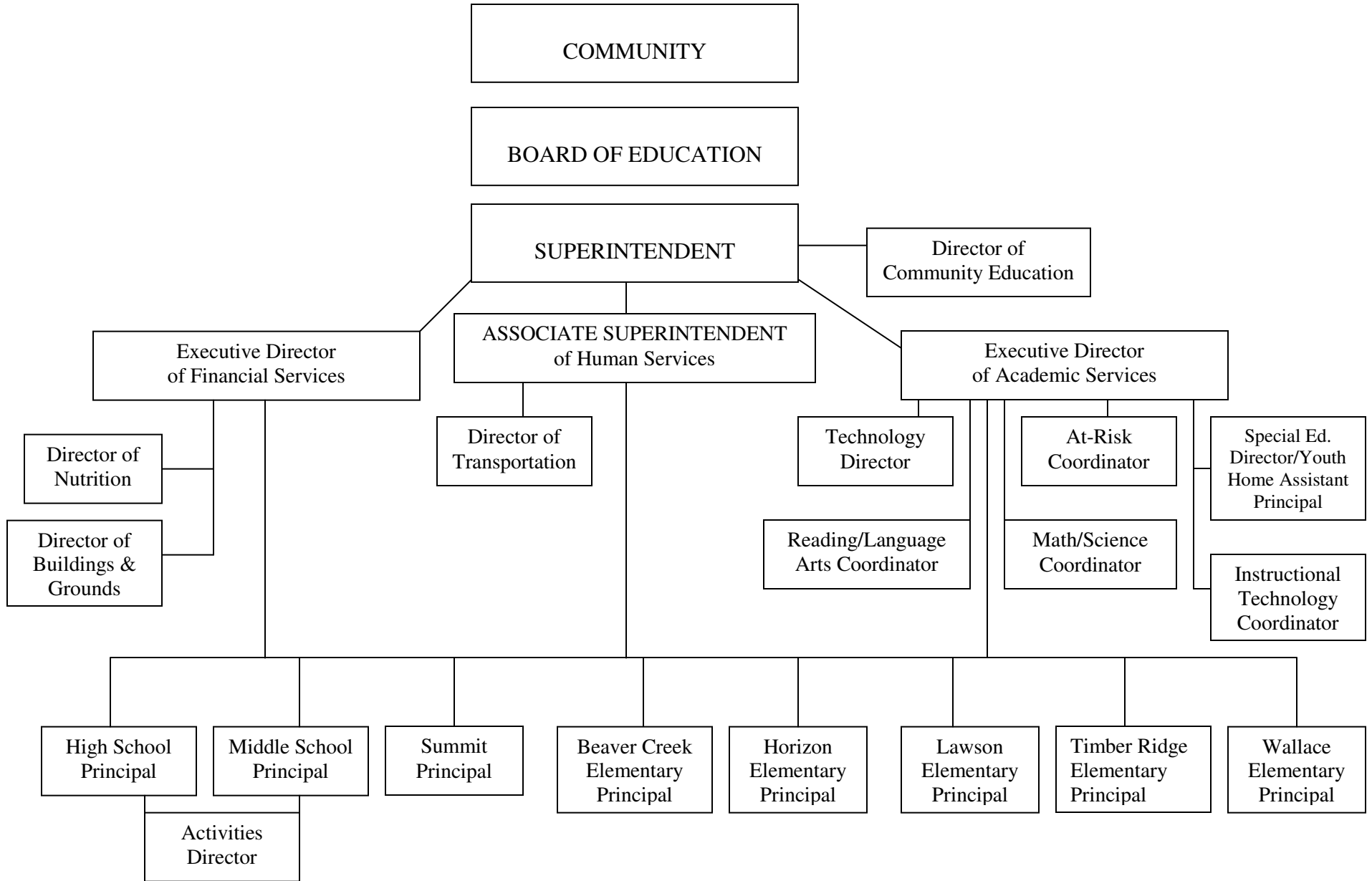


Jan Miller-Hook
Executive Director of Financial Services



Clay Guthmiller
Superintendent of Schools

Johnston Community School District, Organizational Chart, Year Ended June 30, 2007



Johnston Community School District

List of Principal Officials
Year Ended June 30, 2007

Board of Education
(Before September, 2006 Election)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jill Morrill	President	2008
Christopher Sonner	Vice President	2006
Ralph Young	Board Member	2006
Alan Sprinkle	Board Member	2007
Julie Summa	Board Member	2007
Stacey Tucker (resigned)	Board Member	2007
Linda Kading (filled term to next election)		
Dean Gillaspey	Board Member	2008

Board of Education
(After September, 2006 Election)

Christopher Sonner	President	2009
Ralph Young	Vice President	2009
Alan Sprinkle	Board Member	2007
Julie Summa	Board Member	2007
Karen Coaldrake	Board Member	2008
Dean Gillaspey	Board Member	2008
Jill Morrill	Board Member	2008

Board Attorney

Ahlers Law Firm	Attorney	Indefinite
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Johnston Community School District

SCHOOL DISTRICT ADMINISTRATION
Year Ended June 30, 2007

<u>Name</u>	<u>Position</u>
Clay Guthmiller	Superintendent of Schools
Dr. James A. Casey	Associate Superintendent of Human Resource Services
Dr. Bruce Amendt	Executive Director of Academic Affairs
Jan Miller-Hook	Executive Director of Financial Services
Nancy J. Buryanek	Director of Community Education
Tim Kline	Director of Buildings and Grounds
Steve Landwehr	Assistant Director of Buildings and Grounds
LaRae Doll	Director of Nutrition & Food Services
David L. Kramer	Director of Transportation
Dave McGill	Director of Technology
Bruce Hukee	High School Principal
Randy Klein	High School Associate Principal
Jerry Stratton	High School Associate Principal
Brian Carico	Middle School Principal
Brent Riessen	Middle School Associate Principal
Linda Hansen	Summit Middle School Principal
Kevin Blackburn	Summit School Associate Principal
Gary L. Ross	Director of Athletics and Activities
Cheryl Henkenius	Lawson Elementary Principal
Terry Jacob	Horizon Elementary Principal
Suzie Pearson	Wallace Elementary Principal
Eric Toot	Beaver Creek Elementary Principal
Vickie McCool	Y-Home Associate Principal & Special Education Coordinator

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

JOHNSTON COMMUNITY SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2006**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Johnston Community School
District, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



**Van Maanen
& ASSOCIATES, P.C.**

Certified Public Accountants

705 Main St.
Pella, IA 50219
641-628-3737

Independent Auditor's Report

To the Board of Education
Johnston Community School District
Johnston, Iowa

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2007 on our consideration of Johnston Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 13 through 21 and 52 through 54 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnston Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Other supplementary information included in Schedules 1 through 10, and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, found in the Compliance Section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

October 25, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The district showed an increase in net assets for governmental activities to \$9,062,642 and \$6,620,351 during the years ended June 30, 2007 and 2006, respectively.
- Total revenues for the fiscal year ended June 30, 2007 and 2006 of \$62,295,775 and \$55,590,891 were comprised of General Revenues in the amount of \$49,460,736 and \$43,545,527 and Program Revenues totaling \$12,835,039 and \$12,045,364 respectively.
- As of June 30, 2007, the District's governmental funds reported combined ending fund balances of \$21,213,101, a decrease of \$14,167,027 in comparison with 2006. This compares with June 30, 2006 balance of \$35,380,128, an increase of \$29,399,924 in comparison with 2005.
- As of June 30, 2007, unreserved undesignated fund balance for the General Fund was \$2,693,386 or 5.5% of total General Fund expenditures. This is an improvement over June 30, 2006 of \$1,363,662 or 3.5% of expenditures.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

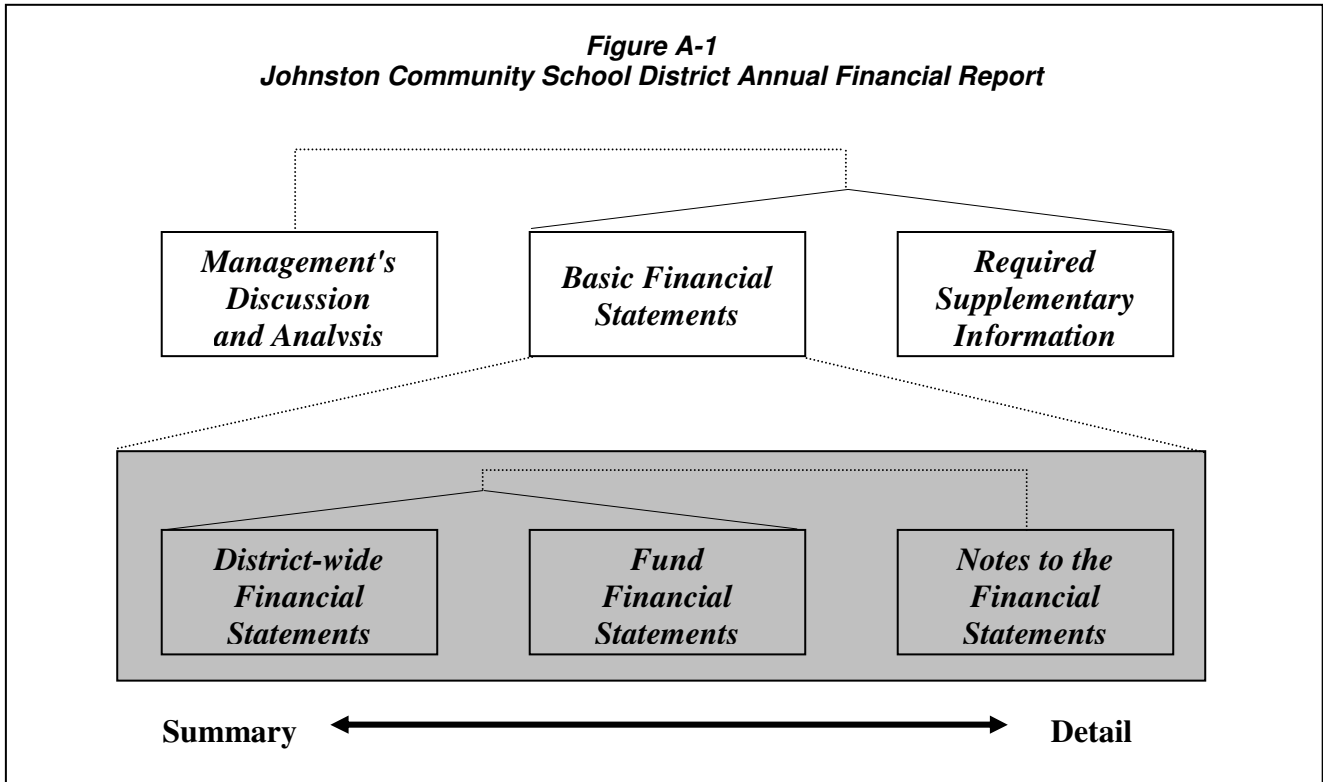


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2			
<i>Major Features of the District-Wide and Fund Financial Statements</i>			
	District-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
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 revenues, expenses and changes in net assets • Statement of cash flows
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
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, and short-term and long-term
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

District-wide Statements

The District-wide 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 District-wide 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 position.

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-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 two kinds of funds:

- *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. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

- *Proprietary funds.* The District's proprietary funds are reported in the same way as the District-wide statements.
 - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds: School Nutrition, Daycare and Community Education.
 - The District's internal service funds consist of revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's internal service funds are the Health and Dental Insurance and Flex Benefit funds.

Financial Analysis of the District as a Whole

Net assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2007.

Figure A-3 Condensed Statement of Net Assets							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-2007
Current and other assets	\$ 55,650,584	68,550,201	1,665,506	2,121,846	57,316,090	70,672,047	-18.9%
Capital assets	81,353,908	66,882,559	865,179	629,082	82,219,087	67,511,641	21.8%
Total assets	137,004,492	135,432,760	2,530,685	2,750,928	139,535,177	138,183,688	1.0%
Long-term debt outstanding	47,756,150	55,238,107	-	-	47,756,150	55,238,107	-13.5%
Other liabilities	38,188,216	38,197,169	192,010	313,537	38,380,226	38,510,706	-0.3%
Total liabilities	85,944,366	93,435,276	192,010	313,537	86,136,376	93,748,813	-8.1%
Net assets:							
Invested in capital assets, net of related debt	35,699,534	35,157,475	865,179	629,082	36,564,713	35,786,557	2.2%
Restricted	11,831,699	5,608,504	-	-	11,831,699	5,608,504	111.0%
Unrestricted	3,528,893	1,231,505	1,473,496	1,808,309	5,002,389	3,039,814	64.6%
Total net assets	\$ 51,060,126	41,997,484	2,338,675	2,437,391	53,398,801	44,434,875	20.2%

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's total net assets have increased from a year ago \$44,434,875 to \$53,398,801.

The significant portions of the District's combined net assets reflect its investment in capital assets and are not available for future spending. The District's net assets invested in capital assets, net of related debt, was \$36,564,713 for 2007 and \$35,786,557 for 2006.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt liabilities will be repaid through future property and sales taxes collections. Bond debt retirement for the year was \$7,655,000.

Property tax and unrestricted state grants account for 75 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 83 percent of the total expenses.

The restricted portion of the District's net assets (22.2 percent for 2007 and 12.6 percent for 2006) represents resources that are subject to external restrictions in how they may be used. Restrictions for 2007 include \$8,407,945 for capital projects, \$2,700,302 for physical plant and equipment levy, \$364,181 for other special revenue purposes, \$162,852 for debt service, and \$196,419 for other purpose restricted assets. The remaining balance of unrestricted net assets of \$5,002,389 for 2007 and \$3,039,814 for 2006 may be used to meet the government's ongoing obligations to students and creditors.

The District's total net assets increased by \$8,963,926 during the current fiscal year as compared to \$6,860,028 in 2006. The governmental activities net assets increased by \$9,062,642 in 2007 and \$6,620,351 in 2006. The increase in governmental activities net assets for 2007 was mainly attributable to less than expected budgeted expenditures. The business type activities, which include nutrition, community education and daycare decreased by \$98,716 in 2007, as compared to an increase of \$239,677 in 2006. The decrease is due to construction at the Middle School which limited programs and facility rental revenue.

Governmental Activities

Revenues for governmental activities were \$57,662,620 and expenses were \$48,599,978. Net assets increased by \$9,062,642.

Figure A-4 highlights the District's revenues and expenses for the fiscal year ended June 30, 2007 and 2006. These two main components are subtracted to yield the change in net assets. This exhibit utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, non-instructional programs and other expenses.

Figure A-4
Changes in Net Assets

	Governmental activities		Business type activities		Total District	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 4,065,829	4,287,838	4,106,522	3,948,921	8,172,351	8,236,759
Operating grants and contributions	4,136,055	3,260,375	526,633	548,230	4,662,688	3,808,605
General Revenues:						
Local taxes	28,943,854	25,624,857	-	-	28,943,854	25,624,857
State grants	17,692,641	16,398,591	-	-	17,692,641	16,398,591
Investment earnings	1,610,716	853,263	-	-	1,610,716	853,263
Other	1,213,525	668,816	-	-	1,213,525	668,816
Total revenues	<u>57,662,620</u>	<u>51,093,740</u>	<u>4,633,155</u>	<u>4,497,151</u>	<u>62,295,775</u>	<u>55,590,891</u>
Expenses:						
Program expenses:						
Instruction	30,666,801	28,211,145	-	-	30,666,801	28,211,145
Support services - students & staff	3,364,566	3,103,750	-	-	3,364,566	3,103,750
Support services - administration	4,344,754	4,048,697	-	-	4,344,754	4,048,697
Operations and maintenance	3,896,886	3,717,675	-	-	3,896,886	3,717,675
Transportation	2,048,069	1,759,129	-	-	2,048,069	1,759,129
Non-instructional activities	4,278,902	3,632,993	4,731,871	4,257,474	9,010,773	7,890,467
Total expenses	<u>48,599,978</u>	<u>44,473,389</u>	<u>4,731,871</u>	<u>4,257,474</u>	<u>53,331,849</u>	<u>48,730,863</u>
Excess (deficiency) of revenues over (under) expenses	<u>9,062,642</u>	<u>6,620,351</u>	<u>(98,716)</u>	<u>239,677</u>	<u>8,963,926</u>	<u>6,860,028</u>
Change in net assets	<u>\$ 9,062,642</u>	<u>6,620,351</u>	<u>(98,716)</u>	<u>239,677</u>	<u>8,963,926</u>	<u>6,860,028</u>

Business Type Activities

Revenues of the District's business-type activities were \$4,633,155 and expenses were \$4,731,871. Net assets decreased by \$98,716. The District's business-type activities include the School Nutrition, Daycare and Community Education Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. On June 30, 2007 the District's governmental funds reported combined fund balances of \$21,213,101 as compared to the 2006 ending fund balances of \$35,380,128. This is primarily due to decreased balances in the capital projects fund as construction expenses were incurred during the year.

Governmental Fund Highlights

- The District's General Fund financial position continued to improve. The June 30, 2006 balance of \$1,802,912 increased to \$3,197,855 on June 30, 2007. This is due to increased cash reserve levies by the Board of Education to improve fund balances.
- The Debt Service Fund balance decrease from \$3,393,351 June 30, 2006 to \$397,337 June 30, 2007 is due to the repayment of bonds on June 1, 2007.
- The capital projects fund balance decreased from \$27,299,916 June 30, 2006 to \$14,123,571 June 30, 2007 as bond proceeds were spent on construction projects.
- The non-major special revenue funds balance increased as funds were accumulated to pay for anticipated construction projects from PPEL proceeds.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$1,508,232 on June 30, 2006 to \$1,497,056 on June 30, 2007. The net assets of Community Education and Daycare Funds decreased by 9.4% due to construction at the Middle School which limited programs and facility rental revenue.

Budgetary Highlights

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 for internal services, private-purpose trusts and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis. Schedules showing the original and final budget amounts compared to the District's actual financial activity are included in the required supplementary information section of this report.

Legal Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annual adopts a program budget for all funds except internal service and agency funds as described in the note to required supplementary information.

A comparison of actual expenditures/expenses of the District's budgeted funds with the final program budget amounts is as follows:

	Original and Final	Actual	Variance
Instruction	\$ 32,696,542	29,514,445	3,182,097
Support services	16,562,093	14,165,624	2,396,469
Non-instructional programs	6,785,547	4,855,856	1,929,691
Other	40,967,233	28,025,593	12,941,640
	<u>\$ 97,011,415</u>	<u>76,561,518</u>	<u>20,449,897</u>

"Other" expenditures variance is due to construction project expenditures not meeting projected cash flows, always a difficult estimate.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2007, the District had invested \$82,219,087 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This compares to the June 30, 2006 balance of \$67,511,641. See Figure A-5.

The original cost of the District's capital assets was \$108,040,838. Governmental funds account for \$106,461,752 with the remainder, \$1,579,086, in the Enterprise funds.

The largest change in capital asset activity during the year occurred in the construction in progress and buildings category. Fiscal year 2007 saw the continuation of major construction projects including a new elementary, middle school remodel and out facility improvements.

A-5 here	Governmental activities		Business type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-2007
Land	\$ 2,655,021	2,655,021	-	-	2,655,021	2,655,021	0.0%
Construction in progress	21,203,336	6,671,988	-	-	21,203,336	6,671,988	100.0%
Buildings	54,447,715	55,916,102	-	-	54,447,715	55,916,102	-2.6%
Improvements other than buildings	1,799,181	780,532	-	-	1,799,181	780,532	130.5%
Furniture and equipment	1,248,655	858,916	865,179	629,082	2,113,834	1,487,998	42.1%
Total	\$ 81,353,908	66,882,559	865,179	629,082	82,219,087	67,511,641	21.8%

More detailed information on capital asset activity can be found in the notes to the financial statements.

Long-Term Debt

At June 30, 2007 the District had \$52,856,975 in general obligation bonds and other long-term debt outstanding. This represents a decrease of approximately 12.4 percent from June 30, 2006. (See Figure A-6) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The increase in early retirement obligations reflects the increased medical insurance liability as more employees take advantage of the retirement plan. This obligation is a fixed dollar amount toward health insurance until the employee reaches the age of 65.

	Total School District		Total Change
	June 30,		June 30,
	2007	2006	2006-2007
General obligation bonds	\$ 40,055,000	44,835,000	-10.7%
Revenue bonds	7,250,000	9,500,000	-23.7%
Capital loan notes	4,065,000	4,690,000	-13.3%
Early retirement	1,486,975	1,287,853	15.5%
Totals	\$ 52,856,975	60,312,853	-12.4%

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:

- The District expects continued enrollment growth during the foreseeable future. The district's enrollment growth has averaged 5.0% annually over the last 10-years.
- The District has averaged nearly 10% annual increase in the tax base over the past 10 years and continued this trend with 2007.
- The continued slow growth in state revenues and increasing enrollments will continue to put great pressure on district finances to meet both the personnel and facility needs of the District.

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 Jan Miller-Hook, Executive Director of Financial Services, Johnston Community School District, 5608 Merle Hay Road, Johnston, IA 50131-1234.



Basic Financial Statements

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current Assets:			
Cash and cash equivalents:	\$ 28,427,601	1,638,713	30,066,314
Receivables:			
Property tax:			
Delinquent	157,333	-	157,333
Succeeding year	24,906,887	-	24,906,887
Accounts	141,442	12,626	154,068
Due from other governments	1,999,339	1,750	2,001,089
Inventories	17,982	12,417	30,399
Total current assets	<u>55,650,584</u>	<u>1,665,506</u>	<u>57,316,090</u>
Non-current assets:			
Land and improvements	6,049,167	-	6,049,167
Buildings and improvements	74,444,925	-	74,444,925
Vehicles, furniture and equipment	4,764,324	1,662,553	6,426,877
Construction in progress	21,203,336	-	21,203,336
Accumulated depreciation	(25,107,844)	(797,374)	(25,905,218)
Total non-current assets	<u>81,353,908</u>	<u>865,179</u>	<u>82,219,087</u>
Total assets	<u>137,004,492</u>	<u>2,530,685</u>	<u>139,535,177</u>
Liabilities			
Accounts payable	3,152,441	39,470	3,191,911
Bond deposit payable	100,000	-	100,000
Insurance claims payable	528,132	-	528,132
Salaries and benefits payable	4,017,295	77,808	4,095,103
Accrued interest payable	234,485	-	234,485
Deferred revenue:			
Succeeding year property tax	24,906,887	-	24,906,887
Other	21,122	59,883	81,005
Capital loan notes payable	635,000	-	635,000
Revenue bonds payable	2,365,000	-	2,365,000
General obligation bonds payable	1,815,000	-	1,815,000
Early retirement payable	285,825	-	285,825
Compensated absences	127,029	14,849	141,878
Total current liabilities	<u>38,188,216</u>	<u>192,010</u>	<u>38,380,226</u>
Non-current liabilities:			
Capital loan notes payable	3,430,000	-	3,430,000
Revenue bonds payable	4,885,000	-	4,885,000
General obligation bonds payable	38,240,000	-	38,240,000
Early retirement payable	1,201,150	-	1,201,150
Total non-current liabilities	<u>47,756,150</u>	<u>-</u>	<u>47,756,150</u>
Total liabilities	<u>85,944,366</u>	<u>192,010</u>	<u>86,136,376</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business Type Activities	Total Primary Government
<i>Continued from previous page</i>			
Net Assets			
Invested in capital assets, net of related debt	35,699,534	865,179	36,564,713
Restricted for:			
Debt service	162,852	-	162,852
Capital projects	8,407,945	-	8,407,945
Physical plant and equipment levy	2,700,302	-	2,700,302
Other special revenue purposes	364,181	-	364,181
Other purposes	196,419	-	196,419
Unrestricted	3,528,893	1,473,496	5,002,389
Total net assets	\$ 51,060,126	2,338,675	53,398,801

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

Functions/Programs	Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular instruction	\$ 21,233,140	1,244,048	1,813,184
Special instruction	6,613,938	2,178,458	565,270
Other instruction	2,819,723	467,678	32,896
	30,666,801	3,890,184	2,411,350
Support Service:			
Student services	1,301,680	-	-
Instructional staff services	2,062,886	-	-
Administration services	4,344,754	-	-
Operating and maintenance of plant services	3,896,886	22,952	-
Transportation services	2,048,069	152,693	118,250
	13,654,275	175,645	118,250
Non-instructional programs:			
Nutrition services	2,855	-	-
Community Education services	139,262	-	-
	142,117	-	-
Other expenditures:			
Other programs	471,589	-	-
Long-term debt interest	2,058,741	-	-
AEA flowthrough	1,606,455	-	1,606,455
	4,136,785	-	1,606,455
Total governmental activities	48,599,978	4,065,829	4,136,055
Business type activities:			
Non-instructional programs:			
Nutrition services	2,217,269	1,751,445	454,648
Preschool services	343,062	276,944	68,055
Day Care services	1,690,411	1,642,660	3,930
Community Education services	481,129	435,473	-
Total business type activities	4,731,871	4,106,522	526,633
Total primary governmental activities	\$ 53,331,849	8,172,351	4,662,688

Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total Primary Government
(18,175,908)	-	(18,175,908)
(3,870,210)	-	(3,870,210)
(2,319,149)	-	(2,319,149)
(24,365,267)	-	(24,365,267)
(1,301,680)	-	(1,301,680)
(2,062,886)	-	(2,062,886)
(4,344,754)	-	(4,344,754)
(3,873,934)	-	(3,873,934)
(1,777,126)	-	(1,777,126)
(13,360,380)	-	(13,360,380)
(2,855)	-	(2,855)
(139,262)	-	(139,262)
(142,117)	-	(142,117)
(471,589)	-	(471,589)
(2,058,741)	-	(2,058,741)
-	-	-
(2,530,330)	-	(2,530,330)
(40,398,094)	-	(40,398,094)
-	(11,176)	(11,176)
-	1,937	1,937
-	(43,821)	(43,821)
-	(45,656)	(45,656)
-	(98,716)	(98,716)
(40,398,094)	(98,716)	(40,496,810)

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

	Program Revenues		
Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
<i>Totals continued from previous pages</i>	\$ 53,331,849	8,172,351	4,662,688

General Revenues:

- Property tax levied for:
 - General purposes
 - Debt service
 - Capital outlay
- Local option sales and services tax
- Unrestricted state grants
- Unrestricted investment earnings
- Other

Total general revenues, capital contributions and transfers

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to basic financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total Primary Government
\$ (40,398,094)	(98,716)	(40,496,810)
19,159,367	-	19,159,367
2,177,335	-	2,177,335
2,384,625	-	2,384,625
5,222,527	-	5,222,527
17,692,641	-	17,692,641
1,610,716	-	1,610,716
1,213,525	-	1,213,525
49,460,736	-	49,460,736
9,062,642	(98,716)	8,963,926
41,997,484	2,437,391	44,434,875
\$ 51,060,126	2,338,675	53,398,801

JOHNSTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash and pooled investments	\$ 6,519,008	482,701	15,092,085	4,159,584	26,253,378
Receivables:					
Property tax:					
Current year delinquent	117,690	14,636	-	25,007	157,333
Succeeding year	18,658,264	2,665,511	-	3,583,112	24,906,887
Accounts	141,442	-	-	-	141,442
Due from other governments	1,325,789	-	673,550	-	1,999,339
Inventories	17,982	-	-	-	17,982
Total assets	\$ 26,780,175	3,162,848	15,765,635	7,767,703	53,476,361
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 919,706	-	1,642,064	254,039	2,815,809
Bond deposit payable	-	100,000	-	-	100,000
Salaries and benefits payable	3,856,199	-	-	150,389	4,006,588
Early retirement payable (note 5)	-	-	-	285,825	285,825
Compensated absences	127,029	-	-	-	127,029
Deferred revenue:					
Succeeding year property tax	18,658,264	2,665,511	-	3,583,112	24,906,887
Other	21,122	-	-	-	21,122
Total liabilities	23,582,320	2,765,511	1,642,064	4,273,365	32,263,260
Fund balances:					
Reserved for:					
Inventories	17,982	-	-	-	17,982
Debt service	-	397,337	-	-	397,337
State grants	178,437	-	-	-	178,437
Unreserved:					
Designated for special purposes by the Board	308,050	-	-	-	308,050
Undesignated	2,693,386	-	14,123,571	3,494,338	20,311,295
Total fund balances	3,197,855	397,337	14,123,571	3,494,338	21,213,101
Total liabilities and fund balances	\$ 26,780,175	3,162,848	15,765,635	7,767,703	53,476,361

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2007

Total fund balances of governmental funds (Exhibit C) \$ 21,213,101

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. 81,353,908

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 1,298,752

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. (234,485)

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds as follows:

Total long-term debt	\$ (52,856,975)	
Portion of early retirement reflected on governmental funds	285,825	(52,571,150)

Net assets of governmental activities (Exhibit A) \$ 51,060,126

See notes to basic financial statements.

Exhibit E

JOHNSTON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year ended June 30, 2007

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 17,801,516	2,177,335	5,222,527	3,742,476	28,943,854
Tuition	3,318,397	-	-	-	3,318,397
Other	1,598,603	149,636	1,030,436	700,816	3,479,491
State sources	21,362,218	574	-	1,005	21,363,797
Federal sources	555,522	-	-	1,559	557,081
Total revenues	44,636,256	2,327,545	6,252,963	4,445,856	57,662,620
Expenditures:					
Current:					
Instruction:					
Regular instruction	19,484,906	-	-	493,780	19,978,686
Special instruction	6,694,623	-	-	-	6,694,623
Other instruction	2,287,357	-	-	553,779	2,841,136
	28,466,886	-	-	1,047,559	29,514,445
Support services:					
Student services	1,264,700	-	-	25,239	1,289,939
Instructional staff services	2,087,999	-	-	-	2,087,999
Administration services	4,309,062	-	33,232	438,886	4,781,180
Operation and maintenance of plant services	3,661,473	-	-	242,017	3,903,490
Transportation services	1,733,974	-	-	369,042	2,103,016
	13,057,208	-	33,232	1,075,184	14,165,624
Non-instructional programs:					
Food services	-	-	-	2,855	2,855
Community service and education	110,764	-	-	10,366	121,130
	110,764	-	-	13,221	123,985
Capital outlay:					
Other expenditures	-	-	15,674,609	492,105	16,166,714
Debt Service:					
Other expenditures:					
Principal	-	7,655,000	-	-	7,655,000
Interest	-	2,592,150	-	-	2,592,150
Services	-	5,274	-	-	5,274
	-	10,252,424	-	-	10,252,424
Intergovernmental:					
Other expenditures	1,606,455	-	-	-	1,606,455
Total expenditures	43,241,313	10,252,424	15,707,841	2,628,069	71,829,647
Excess (deficiency) of revenues over (under) expenditures	1,394,943	(7,924,879)	(9,454,878)	1,817,787	(14,167,027)

Exhibit E

JOHNSTON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year ended June 30, 2007

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<i>Continued from previous page</i>					
Other financing sources (uses):					
Transfers in	-	4,928,865	463,908	-	5,392,773
Transfers out	-	-	(4,185,375)	(1,207,398)	(5,392,773)
Total other financing sources (uses)	-	4,928,865	(3,721,467)	(1,207,398)	-
Net change in fund balances	1,394,943	(2,996,014)	(13,176,345)	610,389	(14,167,027)
Fund balances beginning of year	1,802,912	3,393,351	27,299,916	2,883,949	35,380,128
Fund balances end of year	\$ 3,197,855	397,337	14,123,571	3,494,338	21,213,101

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year ended June 30, 2007

Net change in fund balances - total governmental funds (Exhibit E) \$ (14,167,027)

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 reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 16,383,368	
Less current year depreciation	<u>(1,912,019)</u>	14,471,349

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 7,655,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 538,683

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

Early retirement (143,043)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 707,680

Change in net assets of governmental activities (Exhibit B) \$ 9,062,642

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,638,713	2,174,223
Receivables:		
Accounts	12,626	-
Due from other governments	1,750	-
Inventories	12,417	-
Total current assets	<u>1,665,506</u>	<u>2,174,223</u>
Non-current assets:		
Property and equipment:		
Machinery and equipment	1,662,553	-
Accumulated depreciation	(797,374)	-
Total non-current assets	<u>865,179</u>	<u>-</u>
Total assets	<u><u>2,530,685</u></u>	<u><u>2,174,223</u></u>
Liabilities		
Current liabilities:		
Accounts payable	39,470	336,632
Insurance claims liability	-	528,132
Accrued salaries and benefits payable	77,808	10,707
Deferred revenues	59,883	-
Compensated absences payable	14,849	-
Total current liabilities	<u>192,010</u>	<u>875,471</u>
Net Assets		
Invested in capital assets	865,179	-
Unrestricted	1,473,496	1,298,752
Total net assets	<u><u>\$ 2,338,675</u></u>	<u><u>1,298,752</u></u>

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2007

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Operating revenue:		
Local sources:		
Operating revenues	\$ 4,106,522	5,281,646
Operating expenses:		
Instructional programs:		
Support services:		
Other	-	4,573,966
Non-instructional programs:		
Food service operations:		
Depreciation	121,544	-
Other	2,095,725	-
	2,217,269	-
Community service operations:		
Depreciation	9,460	-
Other	2,505,142	-
	2,514,602	-
Total operating expenses	4,731,871	4,573,966
Operating income (loss)	(625,349)	707,680
Non-operating revenues:		
State sources	90,621	-
Federal sources	436,012	-
Total non-operating revenues	526,633	-
Change in net assets	(98,716)	707,680
Net assets beginning of year	2,437,391	591,072
Net assets end of year	\$ 2,338,675	1,298,752

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2007

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,768,878	-
Cash received from community services	2,354,828	5,321,435
Cash payments to employees for services	(2,818,524)	(4,584,786)
Cash payments to suppliers for goods or services	(1,767,139)	-
Net cash used by operating activities	<u>(461,957)</u>	<u>736,649</u>
Cash flows from non-capital financing activities:		
State grants received	90,621	-
Federal grants received	327,768	-
Net cash provided by non-capital financing activities	<u>418,389</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(367,101)	-
Net increase in cash and cash equivalents	(410,669)	736,649
Cash and cash equivalents at beginning of year	<u>2,049,382</u>	<u>1,437,574</u>
Cash and cash equivalents at end of year	<u>\$ 1,638,713</u>	<u>2,174,223</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (625,349)	707,680
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	108,244	-
Depreciation	131,004	-
Decrease in accounts receivable	3,869	39,789
(Increase) in due from other governments	(1,750)	-
Decrease in inventories	43,552	-
(Decrease) in accounts payable	(145,468)	(38,235)
Increase in insurance claims payable	-	27,415
Increase in salaries and benefits payable	8,876	-
Increase in deferred revenue	15,065	-
Net cash provided (used) by operating activities	<u>\$ (461,957)</u>	<u>736,649</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:		
Current assets:		
Cash and investments	\$ 1,638,713	2,174,223
Cash and cash equivalents at year end	<u>\$ 1,638,713</u>	<u>2,174,223</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received federal commodities valued at \$108,244.

See notes to basic financial statements.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(1) **Summary of Significant Accounting Policies**

The Johnston Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Johnston, Iowa; portions of Johnston, Des Moines, Granger and Grimes, Iowa; and other unincorporated areas of Polk 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, Johnston Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. Johnston Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Polk 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 non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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 non-fiduciary 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 that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(1) *Summary of Significant Accounting Policies (continued from previous page)*
B. Basis of Presentation (continued from previous page)

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

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 non-major 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 receipts 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 expenses, including instructional, support and other costs.

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the District reports the following fund types:

Governmental Funds:

1. Non-major Special Revenue Funds - The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. State and Local financial assistance is accounted for in a State or Local Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

2. Enterprise Funds - The District accounts for food service operations, community daycare operations and community education service operations in the Enterprise Funds.
3. Internal Service Funds - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are the Health and Dental Insurance and Flex Benefit Funds.

Fiduciary Funds:

4. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund was the Student Memorial Fund and these funds were completely disbursed during the fiscal year ending June 30, 2007.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(1) *Summary of Significant Accounting Policies (continued from previous page)*

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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 Funds 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.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(1) *Summary of Significant Accounting Policies (continued from previous page)*

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments.

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that had a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The District has invested funds in the Iowa Schools Joint Investment Trust (ISJIT). ISJIT is an investment pool managed by the trustee, Bankers Trust, which allows governments within the State to pool their funds for investment purposes. ISJIT is registered with the SEC as an investment company and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in ISJIT are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Property tax revenue recognized in these funds 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(1) *Summary of Significant Accounting Policies (continued from previous page)*
Capital Assets (continued from previous page)

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

Capital assets (with the exception of land, which is not depreciated) are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Interfund Activity - Transfers between governmental and business type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other 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 and prepaid student lunch accounts that will not be recognized as revenue until earned.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(1) *Summary of Significant Accounting Policies (continued from previous page)*

D. Assets, Liabilities and Fund Equity (continued from previous page)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. The liability for compensated absences resulted in no change for the year ending June 30, 2007.

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

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

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

E. Budgets and Budgetary Accounting

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2007, expenditures did not exceed the amounts budgeted.

(2) **Cash and Pooled Investments**

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

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

At June 30, 2007, the District had investments in the following:

Iowa Schools Joint Investment Trust:	
Flex CD	\$ 3,699,109
Diversified Portfolio	12,086,392
IPASeducation Program:	
Flex CD	4,096,000
Institutional Money Market	5,750,109
Banker's Trust Money Market	3,428,390
	<u>\$ 29,060,000</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(2) *Cash and Pooled Investments (continued from previous page)*

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

Interest rate risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within three hundred and ninety-seven days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt.

Credit risk. The investments in the Iowa Schools Joint Investment Trust and the IPAS education program were both rated Aaa by Moody's Investors Service. The investments in Banker's Trust are primarily invested in U.S. Treasury securities. The District is authorized by statute to invest public funds not currently needed for operating expenses 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 and the Treasurer of the State of Iowa, and certain joint investment trusts. The District may also invest in commercial paper or other short-term corporate debt that matures with two hundred seventy days that is rated in the highest classification, as established by at least one of the standard rating services approved by the superintendent of banking by rules adopted pursuant to Chapter 17A, provided that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

(3) **Interfund Transfers**

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

Transfer to	Transfer from	Amount
Capital Projects Fund	Special Revenue Fund - Physical Plant and Equipment Levy	\$ 463,908
Debt Service Fund	Special Revenue Fund - Physical Plant and Equipment Levy	743,490
Debt Service Fund	Capital Projects Fund	4,185,375
		<u>\$ 5,392,773</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(4) Capital Assets

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,655,021	-	-	2,655,021
Construction in progress	6,671,988	15,310,954	779,606	21,203,336
Total capital assets not being depreciated	<u>9,327,009</u>	<u>15,310,954</u>	<u>779,606</u>	<u>23,858,357</u>
Capital assets being depreciated:				
Buildings	74,417,685	27,240	-	74,444,925
Improvements other than buildings	2,257,609	1,136,537	-	3,394,146
Furniture and equipment	4,076,081	688,243	-	4,764,324
Total capital assets being depreciated	<u>80,751,375</u>	<u>1,852,020</u>	<u>-</u>	<u>82,603,395</u>
Less accumulated depreciation for:				
Buildings	18,501,583	1,495,627	-	19,997,210
Improvements other than buildings	1,477,077	117,888	-	1,594,965
Furniture and equipment	3,217,165	298,504	-	3,515,669
Total accumulated depreciation	<u>23,195,825</u>	<u>1,912,019</u>	<u>-</u>	<u>25,107,844</u>
Total capital assets being depreciated, net	<u>57,555,550</u>	<u>(59,999)</u>	<u>-</u>	<u>57,495,551</u>
Governmental activities capital assets, net	<u>\$ 66,882,559</u>	<u>15,250,955</u>	<u>779,606</u>	<u>81,353,908</u>
Business type activities:				
Furniture and equipment	\$ 1,295,452	367,101	-	1,662,553
Less accumulated depreciation	666,370	131,004	-	797,374
Business-type activities capital assets, net	<u>\$ 629,082</u>	<u>236,097</u>	<u>-</u>	<u>865,179</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 1,665,629
Other		1,230
Support services:		
Instructional staff services		10,073
Administration		26,128
Operation and maintenance of plant		31,696
Transportation		177,263
		<u>1,912,019</u>
Unallocated		-
Total depreciation expense - governmental activities		<u>\$ 1,912,019</u>
Business type activities:		
Food services		\$ 121,544
Community Daycare		5,517
Community Preschool		293
Community Education		3,650
		<u>\$ 131,004</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 44,835,000	-	4,780,000	40,055,000	1,815,000
Revenue bonds	9,500,000	-	2,250,000	7,250,000	2,365,000
Capital loan notes	4,690,000	-	625,000	4,065,000	635,000
Early retirement	1,287,853	428,868	229,746	1,486,975	285,825
	<u>\$ 60,312,853</u>	<u>428,868</u>	<u>7,884,746</u>	<u>52,856,975</u>	<u>5,100,825</u>

General Obligation Bonds Payable

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

Refunding Bond Issue of April 1, 2003				
Year ended June 30,	Rates	Principal	Interest	Total
2008	2.50%	\$ 770,000	113,765	883,765
2009	2.50%	805,000	94,515	899,515
2010	2.80%	790,000	74,390	864,390
2011	3.00%	825,000	52,270	877,270
2012	3.20%	860,000	27,520	887,520
Subtotal		<u>4,050,000</u>	<u>362,460</u>	<u>4,412,460</u>

Bond Issue of February 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2008	4.000%	\$ 100,000	1,096,269	1,196,269
2009	3.750%	100,000	1,092,269	1,192,269
2010	3.750%	100,000	1,088,519	1,188,519
2011	3.750%	915,000	1,084,768	1,999,768
2012	3.750%	970,000	1,050,456	2,020,456
2013	4.000%	1,585,000	1,014,082	2,599,082
2014	5.000%	1,700,000	950,681	2,650,681
2015	4.500%	1,815,000	865,681	2,680,681
2016	4.000%	3,190,000	784,006	3,974,006
2017	4.000%	3,700,000	656,406	4,356,406
2018	4.100%	3,875,000	508,406	4,383,406
2019	4.250%	4,075,000	349,531	4,424,531
2020	4.125%	4,275,000	176,344	4,451,344
Subtotal		<u>26,400,000</u>	<u>10,717,418</u>	<u>37,117,418</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(5) *Long-Term Liabilities (continued from previous page)*
General Obligation Bonds Payable (continued from previous page)

Bond Issue of May 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2008	4.0%	\$ 945,000	384,200	1,329,200
2009	4.0%	935,000	346,400	1,281,400
2010	4.0%	1,005,000	309,000	1,314,000
2011	4.0%	1,040,000	268,800	1,308,800
2012	4.0%	1,065,000	227,200	1,292,200
2013	4.0%	1,430,000	184,600	1,614,600
2014	4.0%	1,450,000	127,400	1,577,400
2015	4.0%	1,480,000	69,400	1,549,400
2016	4.0%	255,000	10,200	265,200
Subtotal		9,605,000	1,927,200	11,532,200

Totals			
Year ended June 30,	Principal	Interest	Total
2008	\$ 1,815,000	1,594,234	3,409,234
2009	1,840,000	1,533,184	3,373,184
2010	1,895,000	1,471,909	3,366,909
2011	2,780,000	1,405,838	4,185,838
2012	2,895,000	1,305,176	4,200,176
2013	3,015,000	1,198,682	4,213,682
2014	3,150,000	1,078,081	4,228,081
2015	3,295,000	935,081	4,230,081
2016	3,445,000	794,206	4,239,206
2017	3,700,000	656,406	4,356,406
2018	3,875,000	508,406	4,383,406
2019	4,075,000	349,531	4,424,531
2020	4,275,000	176,344	4,451,344
Total	\$ 40,055,000	13,007,078	53,062,078

Revenue Bonds Payable

Details of the District's June 30, 2007 local option sales and service tax revenue bonded indebtedness are as follows:

Revenue Bond Issue of April 1, 2005				
Year ended June 30,	Rates	Principal	Interest	Total
2008	3.06%	\$ 2,365,000	185,666	2,550,666
2009	3.06%	2,415,000	112,532	2,527,532
2010	3.06%	2,470,000	37,791	2,507,791
Total		\$ 7,250,000	335,989	7,585,989

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(5) *Long-Term Liabilities (continued from previous page)*
Revenue Bonds Payable (continued from previous page)

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

- a) \$950,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the 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.

The District complied with all of the provisions during the year ended June 30, 2007.

Capital Loan Notes Payable

Details of the District's June 30, 2007 capital loan note indebtedness is as follows:

Capital Loan Note of June 1, 2003				
Year ended June 30,	Rates	Principal	Interest	Total
2008	2.250%	\$ 635,000	105,590	740,590
2009	2.250%	650,000	91,302	741,302
2010	2.750%	660,000	76,678	736,678
2011	2.650%	685,000	58,527	743,527
2012	2.750%	705,000	40,375	745,375
2013	2.875%	730,000	20,988	750,988
Total		\$ 4,065,000	393,460	4,458,460

At the school election held on September 10, 2002, a special proposition authorizing the levy of tax not exceeding one dollar and thirty-four cents per one hundred thousand dollars of assessed value was adopted and approved by the electors. In order to make the proceeds of this voted tax immediately available, the Board of Directors, pursuant to Iowa Code section 297.36, authorized the sale of \$6,500,000 of capital loan notes.

Early Retirement

This long-term liability is generally liquidated with funds from the Non-major Special Revenue Fund – Management Levy.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006, and 2005. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$1,589,139, \$1,457,854, and \$1,328,575, respectively, equal to the required contributions for each year.

(7) Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least ten years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are equal to 30% of the average of the employee's highest three year's contractual salary in the twelve years prior to retirement.

Early retirement cash benefit amounts are placed in an "Employer Sponsored Special Pay Deferral Plan (403(b))" in the July immediately following retirement. The early retirement medical insurance portion is paid out based upon the single rate of medical insurance in effect during the first year of the employee's retirement and continues at this level through age 65.

At June 30, 2007, the District had obligations to fifty participants with a total liability of \$1,486,975. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$229,746.

(8) Risk Management

Johnston Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. During the year ended June 30, 2007, there were no significant reductions in coverage. In addition, over the past three fiscal years, settlement amounts did not exceed insurance coverage.

In addition to the above, the District operates a partially self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' medical benefits. The program is supplemented by stop loss protection, which limits the District's liability to \$50,000 per individual medical claim or an aggregate limit of 125% during the period July 1, 2004 through June 30, 2007.

The District operates a totally self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' dental benefits. The program liability is limited to \$1,000 per individual per year.

JOHNSTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

(8) Risk Management (continued from previous page)

Both plans receive an annual actuarial opinion and an annual report is filed with the State of Iowa Insurance Division. The insurance claims liability of \$528,132 reported at June 30, 2007 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Changes in the fund's claims liability amount for the year ended June 30, 2007 follows:

Year ending June 30,	Liability July 1	Current Claims and Changes in Estimates	Claim Payments	Liability June 30
2007	\$ 500,717	4,581,646	4,554,231	528,132

The District operates a Section 125/Flex Plan whereby employee contributions are made through payroll deduction and eligible expenses are reimbursed on a weekly basis.

The above plans are reported in the Internal Services Fund.

(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 \$1,606,455 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(10) Construction Commitment

The District has entered into several contracts totaling \$32,092,120 for the construction of a new school and remodeling projects. As of June 30, 2007, costs of \$21,203,336 had been incurred against the contract. The balance of \$10,888,784 remaining at June 30, 2007 will be paid as work on the project progresses.

Project	Contract Amount	Costs through June 30, 2007
New elementary school	\$ 16,629,100	15,571,232
Tennis court/Concession building	304,245	289,945
Middle school remodel	5,352,675	4,762,487
High school remodel	9,398,000	483,446
ARC parking lot	113,100	49,744
Wallace parking lot	295,000	46,482
	\$ 32,092,120	21,203,336

Required Supplementary Information

JOHNSTON COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 Year ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenues:			
Local sources	\$ 35,741,742	4,106,522	39,848,264
State sources	21,363,797	90,621	21,454,418
Federal sources	557,081	436,012	993,093
Total revenues	<u>57,662,620</u>	<u>4,633,155</u>	<u>62,295,775</u>
Expenditures:			
Instruction	29,514,445	-	29,514,445
Support services	14,165,624	-	14,165,624
Noninstructional programs	123,985	4,731,871	4,855,856
Other expenditures	28,025,593	-	28,025,593
Total expenditures	<u>71,829,647</u>	<u>4,731,871</u>	<u>76,561,518</u>
Excess (deficiency) of revenues over (under) expenditures	(14,167,027)	(98,716)	(14,265,743)
Balances beginning of year	<u>35,380,128</u>	<u>2,437,391</u>	<u>37,817,519</u>
Balances end of year	<u>\$ 21,213,101</u>	<u>2,338,675</u>	<u>23,551,776</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Final to Actual</u> <u>Variance-</u> <u>Positive</u> <u>(Negative)</u>
38,308,417	1,539,847
20,934,348	520,070
904,500	88,593
<u>60,147,265</u>	<u>2,148,510</u>
32,696,542	3,182,097
16,562,093	2,396,469
6,785,547	1,929,691
40,967,233	12,941,640
<u>97,011,415</u>	<u>20,449,897</u>
(36,864,150)	22,598,407
<u>36,936,650</u>	<u>880,869</u>
<u>72,500</u>	<u>23,479,276</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2007

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. 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 ended June 30, 2007, expenditures did not exceed the amounts budgeted.

Other Supplementary Information

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Assets				
Current Assets:				
Cash and pooled investments	\$ 908,533	390,724	2,860,327	4,159,584
Receivables:				
Property tax:				
Current year delinquent	8,977	-	16,030	25,007
Succeeding year	1,089,999	-	2,493,113	3,583,112
Total assets	\$ 2,007,509	390,724	5,369,470	7,767,703
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ 51,441	26,543	176,055	254,039
Salaries and benefits payable	150,389	-	-	150,389
Early retirement payable	285,825	-	-	285,825
Deferred revenue:				
Succeeding year property tax	1,089,999	-	2,493,113	3,583,112
Total liabilities	1,577,654	26,543	2,669,168	4,273,365
Fund balances:				
Unreserved	429,855	364,181	2,700,302	3,494,338
Total liabilities and fund balances	\$ 2,007,509	390,724	5,369,470	7,767,703

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ 1,315,803	-	2,314,049	3,629,852
Utility tax replacement excise tax	40,724	-	67,811	108,535
Mobile home tax	1,324	-	2,765	4,089
	<u>1,357,851</u>	<u>-</u>	<u>2,384,625</u>	<u>3,742,476</u>
Other local sources:				
Interest on investments	-	-	9,717	9,717
Student activities	-	467,678	-	467,678
Donations	-	37,707	-	37,707
Other local revenue	90,175	95,539	-	185,714
	<u>90,175</u>	<u>600,924</u>	<u>9,717</u>	<u>700,816</u>
	<u>1,448,026</u>	<u>600,924</u>	<u>2,394,342</u>	<u>4,443,292</u>
State sources:				
Revenue in lieu of taxes :				
Military credit	376	-	629	1,005
Federal sources:				
Revenue in lieu of taxes :				
Flood control	-	-	1,559	1,559
Total revenues	<u>1,448,402</u>	<u>600,924</u>	<u>2,396,530</u>	<u>4,445,856</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction:				
Benefits	493,780	-	-	493,780
Co-curricular instruction:				
Purchased services	-	110,356	-	110,356
Supplies	-	381,733	-	381,733
Property	-	10,479	-	10,479
Other	-	51,211	-	51,211
	<u>-</u>	<u>553,779</u>	<u>-</u>	<u>553,779</u>
Total instruction	<u>493,780</u>	<u>553,779</u>	<u>-</u>	<u>1,047,559</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
<i>Continued from previous page</i>				
Expenditures:				
Current:				
Support Services:				
Student support:				
Benefits	25,239	-	-	25,239
Administration:				
Benefits	172,850	-	-	172,850
Purchased services	10,173	-	1,274	11,447
Property	-	-	254,589	254,589
	183,023	-	255,863	438,886
Plant operation and maintenance:				
Benefits	37,962	-	-	37,962
Purchased services	163,804	-	-	163,804
Property	-	-	40,251	40,251
	201,766	-	40,251	242,017
Student transportation:				
Benefits	80,728	-	-	80,728
Purchased services	34,804	-	-	34,804
Property	-	-	253,510	253,510
	115,532	-	253,510	369,042
Total support services	525,560	-	549,624	1,075,184
Non-instructional Programs:				
Food services				
Benefits	2,855	-	-	2,855
Community service & education:				
Benefits	10,366	-	-	10,366
Total non-instructional programs	13,221	-	-	13,221

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
<i>Continued from previous page</i>				
Expenditures:				
Capital outlay:				
Other expenditures:				
Facilities acquisition:				
Purchased services	-	-	448,866	448,866
Supplies	-	-	450	450
Property	-	-	40,951	40,951
Other	-	-	1,838	1,838
	-	-	492,105	492,105
Total expenditures	1,032,561	553,779	1,041,729	2,628,069
Excess of revenues over expenditures	415,841	47,145	1,354,801	1,817,787
Other financing uses:				
Operating transfers out	-	-	(1,207,398)	(1,207,398)
Total other financing uses	-	-	(1,207,398)	(1,207,398)
Excess of revenues over expenditures expenditures and other financing uses	415,841	47,145	147,403	610,389
Fund balances beginning of year	14,014	317,036	2,552,899	2,883,949
Fund balances end of year	\$ 429,855	364,181	2,700,302	3,494,338

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	Business Type Activities				
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 184,570	618,599	36,271	799,273	1,638,713
Receivables:					
Accounts	5,391	7,012	223	-	12,626
Due from other governments	1,750	-	-	-	1,750
Inventories	-	-	-	12,417	12,417
Total current assets	<u>191,711</u>	<u>625,611</u>	<u>36,494</u>	<u>811,690</u>	<u>1,665,506</u>
Non-current assets:					
Property and equipment:					
Machinery and equipment	31,290	81,999	1,467	1,547,797	1,662,553
Accumulated depreciation	(14,845)	(58,914)	(293)	(723,322)	(797,374)
Total non-current assets	<u>16,445</u>	<u>23,085</u>	<u>1,174</u>	<u>824,475</u>	<u>865,179</u>
Total assets	<u>208,156</u>	<u>648,696</u>	<u>37,668</u>	<u>1,636,165</u>	<u>2,530,685</u>
Liabilities					
Current liabilities:					
Accounts payable	4,172	19,452	12,862	2,984	39,470
Insurance claims liability	-	-	-	-	-
Accrued salaries and benefits payable	5,292	163	-	72,353	77,808
Deferred revenues	-	-	-	59,883	59,883
Compensated absences payable	1,923	8,857	180	3,889	14,849
Total current liabilities	<u>11,387</u>	<u>28,472</u>	<u>13,042</u>	<u>139,109</u>	<u>192,010</u>
Net Assets					
Invested in capital assets	16,445	23,085	1,174	824,475	865,179
Unrestricted	180,324	597,139	23,452	672,581	1,473,496
Total net assets	<u>\$ 196,769</u>	<u>620,224</u>	<u>24,626</u>	<u>1,497,056</u>	<u>2,338,675</u>

See accompanying independent auditor's report.

Schedule 3

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
2,151,740	22,483	2,174,223
-	-	-
-	-	-
-	-	-
<u>2,151,740</u>	<u>22,483</u>	<u>2,174,223</u>
-	-	-
-	-	-
-	-	-
<u>2,151,740</u>	<u>22,483</u>	<u>2,174,223</u>
336,632	-	336,632
528,132	-	528,132
-	10,707	10,707
-	-	-
-	-	-
<u>864,764</u>	<u>10,707</u>	<u>875,471</u>
-	-	-
<u>1,286,976</u>	<u>11,776</u>	<u>1,298,752</u>
<u>1,286,976</u>	<u>11,776</u>	<u>1,298,752</u>

Schedule 4

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year ended June 30, 2007

	Business Type Activities				
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total
Operating revenues:					
Local sources:					
Other local sources:					
Food service sales	\$ -	-	-	1,751,445	1,751,445
Daycare service fees	-	1,642,660	-	-	1,642,660
Community education fees	435,473	-	276,944	-	712,417
Charges for services	-	-	-	-	-
Total operating revenues	435,473	1,642,660	276,944	1,751,445	4,106,522
Operating expenses:					
Instructional programs:					
Support Services:					
Personnel services:					
Benefits	-	-	-	-	-
Purchased services	-	-	-	-	-
Non-instructional programs:					
Food services operations:					
Salaries	-	-	-	661,822	661,822
Benefits	-	-	-	213,774	213,774
Services	-	-	-	79,042	79,042
Supplies	-	-	-	1,140,037	1,140,037
Other	-	-	-	1,050	1,050
Depreciation	-	-	-	121,544	121,544
	-	-	-	2,217,269	2,217,269
Community service operations:					
Salaries	249,172	1,165,029	196,752	-	1,610,953
Benefits	49,237	231,576	60,038	-	340,851
Services	71,065	31,814	50,626	-	153,505
Supplies	104,585	137,975	33,370	-	275,930
Other	3,420	118,500	1,983	-	123,903
Depreciation	3,650	5,517	293	-	9,460
	481,129	1,690,411	343,062	-	2,514,602
Total operating expenses	481,129	1,690,411	343,062	2,217,269	4,731,871
Operating income (loss)	(45,656)	(47,751)	(66,118)	(465,824)	(625,349)

Schedule 4

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
-	-	-
-	-	-
-	-	-
4,982,364	299,282	5,281,646
4,982,364	299,282	5,281,646

4,254,593	299,638	4,554,231
19,735	-	19,735
4,274,328	299,638	4,573,966

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,274,328	299,638	4,573,966

708,036 (356) 707,680

Schedule 4

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year ended June 30, 2007

	Business Type Activities				Total
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	
<i>Continued from previous page</i>					
Non-operating revenues:					
State grants	-	-	68,055	-	68,055
State lunch and breakfast program claims	-	-	-	22,566	22,566
Federal Child Care Development Block Grant	-	3,930	-	-	3,930
National School Lunch Program	-	-	-	296,087	296,087
School Breakfast Program	-	-	-	27,751	27,751
Federal food commodities revenue	-	-	-	108,244	108,244
Total non-operating revenues	-	3,930	68,055	454,648	526,633
Changes in net assets	(45,656)	(43,821)	1,937	(11,176)	(98,716)
Net assets beginning of year	242,425	664,045	22,689	1,508,232	2,437,391
Net assets end of year	\$ 196,769	620,224	24,626	1,497,056	2,338,675

See accompanying independent auditor's report.

Schedule 4

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
708,036	(356)	707,680
578,940	12,132	591,072
1,286,976	11,776	1,298,752

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2007

	Business Type Activities				
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ -	-	-	1,768,878	1,768,878
Cash received from community services	431,143	1,635,648	288,037	-	2,354,828
Cash payments to employees for services	(291,958)	(1,396,496)	(256,610)	(873,460)	(2,818,524)
Cash payments to suppliers for goods or services	(193,628)	(346,176)	(79,427)	(1,147,908)	(1,767,139)
Net cash provided (used) by operating activities	(54,443)	(107,024)	(48,000)	(252,490)	(461,957)
Cash flows from non-capital financing activities:					
State grants received	-	-	68,055	22,566	90,621
Federal grants received	-	3,930	-	323,838	327,768
Net cash provided by non-capital financing activities	-	3,930	68,055	346,404	418,389
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	(11,717)	(1,467)	(353,917)	(367,101)
Net increase in cash and cash equivalents	(54,443)	(114,811)	18,588	(260,003)	(410,669)
Cash and cash equivalents at beginning of year	239,013	733,410	17,683	1,059,276	2,049,382
Cash and cash equivalents at end of year	\$ 184,570	618,599	36,271	799,273	1,638,713
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (45,656)	(47,751)	(66,118)	(465,824)	(625,349)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Commodities used	-	-	-	108,244	108,244
Depreciation	3,650	5,517	293	121,544	131,004
(Increase) decrease in accounts receivable	(2,580)	(7,012)	11,093	2,368	3,869
(Increase) in due from other governments	(1,750)	-	-	-	(1,750)
Decrease in inventories	-	-	-	43,552	43,552
Increase (decrease) in accounts payable	(14,558)	(57,887)	6,552	(79,575)	(145,468)
Increase in insurance claims liability	-	-	-	-	-
Increase in salaries and benefits payable	6,451	109	180	2,136	8,876
Increase in deferred revenue	-	-	-	15,065	15,065
Net cash provided (used) by operating activities	\$ (54,443)	(107,024)	(48,000)	(252,490)	(461,957)

Schedule 5

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
-	-	-
5,022,153	299,282	5,321,435
(4,284,256)	(300,530)	(4,584,786)
-	-	-
<u>737,897</u>	<u>(1,248)</u>	<u>736,649</u>
-	-	-
-	-	-
-	-	-
-	-	-
<u>737,897</u>	<u>(1,248)</u>	<u>736,649</u>
<u>1,413,843</u>	<u>23,731</u>	<u>1,437,574</u>
<u>2,151,740</u>	<u>22,483</u>	<u>2,174,223</u>
708,036	(356)	707,680
-	-	-
-	-	-
39,789	-	39,789
-	-	-
-	-	-
(37,343)	(892)	(38,235)
27,415	-	27,415
-	-	-
-	-	-
<u>737,897</u>	<u>(1,248)</u>	<u>736,649</u>

JOHNSTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CASH FLOWS
 PROPRIETARY FUNDS
 Year ended June 30, 2007

Business Type Activities				
Enterprise Funds				
Community Education	Community Daycare	Community Preschool	School Nutrition	Total

Continued from previous page

Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:

Current assets:

Cash and investments	\$ 184,570	618,599	36,271	799,273	1,638,713
Cash and cash equivalents at year end	\$ 184,570	618,599	36,271	799,273	1,638,713

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received federal commodities valued at \$108,244.

See accompanying independent auditor's report.

Schedule 5

Governmental Activities		
Internal Service Funds		
Self-funded	Flexible	
Insurance	Benefits	Total
2,151,740	22,483	2,174,223
2,151,740	22,483	2,174,223

JOHNSTON COMMUNITY SCHOOL DISTRICT
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE
 June 30, 2007

Governmental funds capital assets

Land and improvements	\$ 6,049,167
Buildings and improvements	74,444,925
Vehicles, furniture and equipment	4,764,324
Construction in progress	<u>21,203,336</u>
Total governmental funds capital assets	<u><u>\$ 106,461,752</u></u>

Investments in governmental funds capital assets by source

General Fund	\$ 3,780,750
Special Revenue Funds	5,273,805
Capital Projects Funds	<u>97,407,197</u>
Total governmental funds capital assets	<u><u>\$ 106,461,752</u></u>

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2007

Function and Activity	Land and Improvements	Buildings and Improvements	Vehicles, Furniture and Equipment	Construction in Progress	Total
Instruction	\$ 5,151,597	73,093,258	1,429,497	21,203,336	100,877,688
Other instruction	371,476	61,506	-	-	432,982
Support services - students	-	-	14,514	-	14,514
Support services - instructional staff	-	-	99,117	-	99,117
Administration	223,860	1,061,714	441,025	-	1,726,599
Operation and maintenance of plant services	51,007	228,447	257,196	-	536,650
Student transportation services	251,227	-	2,522,975	-	2,774,202
Total	<u>\$ 6,049,167</u>	<u>74,444,925</u>	<u>4,764,324</u>	<u>21,203,336</u>	<u>106,461,752</u>

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 Year ended June 30, 2007

Function and Activity	July 1, 2006	Additions	Deletions	June 30, 2007
Instruction	\$ 85,082,748	15,794,940	-	100,877,688
Other instruction	432,982	-	-	432,982
Support services - students	14,514	-	-	14,514
Support services - instructional staff	80,534	18,583	-	99,117
Administration	1,564,017	162,582	-	1,726,599
Operation and maintenance of plant services	498,112	38,538	-	536,650
Student transportation services	2,405,477	368,725	-	2,774,202
Total	<u>\$ 90,078,384</u>	<u>16,383,368</u>	-	<u>106,461,752</u>

See accompanying independent auditor's report.

JOHNSTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN INDIVIDUAL STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Elementary Schools:				
Lawson Elementary	\$ 2,500	-	96	2,404
Wallace Elementary	2,500	-	99	2,401
Beaver Creek Elementary:	2,500	-	-	2,500
Horizon Elementary:				
Community assistance	-	-	255	(255)
Student activity	1,687	-	-	1,687
Summit Middle School:				
Student Council	2,238	9,870	9,273	2,835
Yearbook	12,586	16,171	10,941	17,816
Vocal Music	6,066	691	2,126	4,631
Instrumental Music	3,100	6,189	5,038	4,251
Tech Club	3,993	14,349	10,473	7,869
Cheerleading	6,558	-	106	6,452
Food Assistance	1,615	1,600	1,376	1,839
Middle School:				
Dragon Express	574	-	-	574
Student Council	2,568	2,551	1,284	3,835
Yearbook	15,446	17,285	20,541	12,190
Vocal Music	218	25,598	22,366	3,450
Instrumental Music	158	1,547	1,530	175
Student Management	14,642	-	-	14,642
Cheerleading	131	-	-	131
MS Pride	154	-	-	154
High School:				
Teen Leadership	1,184	-	1,184	-
French Club	37	-	-	37
Spanish Club	5,366	-	-	5,366
Drama Club	2,948	1,017	1,150	2,815
Student Council	6,146	19,695	18,168	7,673
National Honor Society	815	3,579	3,858	536
Senior Class	-	14,265	14,265	-
Yearbook	80,533	49,891	44,178	86,246
Instrumental Music	799	2,035	1,760	1,074
Vocal Music	1,915	17,014	18,929	-
Academic Competition	-	700	700	-
Circle of Friends	325	3,916	2,678	1,563
SADD	157	-	-	157
Diversity Committee	959	-	-	959
Student Management	4,982	-	3,793	1,189
Tech Club	1,430	3,471	3,762	1,139
Athletics	130,206	389,490	353,850	165,846
Total	\$ 317,036	600,924	553,779	364,181

See accompanying independent auditor's report.

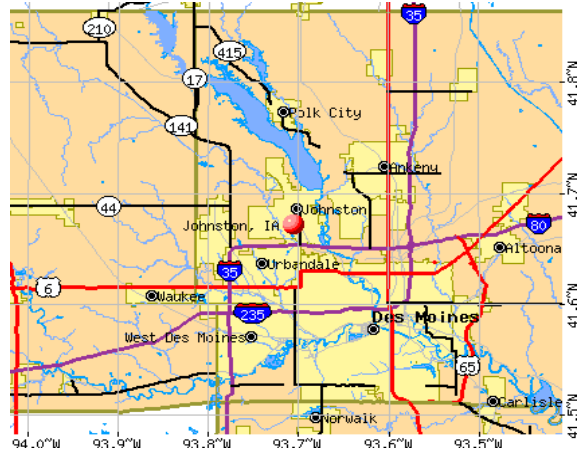
JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	2007	2006	2005	2004	2003	2002
Revenues:						
Local sources:						
Local tax	\$ 28,943,854	25,624,856	23,672,255	21,314,918	18,180,329	12,602,902
Tuition	3,318,397	3,153,507	3,155,907	2,894,604	2,639,991	2,580,725
Other	3,479,491	2,616,713	1,920,527	1,653,031	1,575,292	5,269,686
State sources	21,363,797	19,152,732	17,287,021	15,584,614	15,434,525	14,401,664
Federal sources	557,081	545,932	453,730	475,152	449,584	418,530
Total	\$ 57,662,620	51,093,740	46,489,440	41,922,319	38,279,721	35,273,507
Expenditures:						
Instruction:						
Regular instruction	\$ 19,978,686	18,389,994	16,682,152	14,923,600	13,619,433	12,451,952
Special instruction	6,694,623	5,867,984	6,196,627	5,449,798	4,021,880	4,251,401
Other instruction	2,841,136	2,385,744	2,186,628	2,082,883	2,531,466	1,960,933
Support services:						
Student services	1,289,939	1,189,547	1,123,216	1,082,857	1,177,213	1,241,772
Instructional staff services	2,087,999	1,985,956	1,452,473	1,309,542	2,393,225	2,694,811
Administration services	4,781,180	4,011,887	2,668,177	2,566,722	2,559,434	2,366,753
Operation and maintenance of plant services	3,903,490	3,707,823	3,596,527	3,095,173	2,548,618	2,369,529
Transportation services	2,103,016	1,675,469	1,846,703	1,460,984	1,342,785	1,185,349
Central support services	-	-	17,353	171,047	120,205	-
Non-instructional programs:						
Food services	2,855	8,203	713	646	-	-
Community services and education	121,130	142,590	5,130	2,508	-	-
Other expenditures:						
Facilities acquisition	16,166,714	7,242,583	4,949,087	15,198,700	2,199,651	4,602,807
Long-term debt:						
Principal	7,655,000	9,510,000	11,975,000	3,620,000	9,415,000	11,370,000
Interest and other charges	2,597,424	1,087,863	1,159,498	1,187,814	1,266,343	1,676,142
AEA flowthrough	1,606,455	1,408,173	1,261,795	1,176,050	1,179,686	1,104,898
Total	\$ 71,829,647	58,613,816	55,121,079	53,328,324	44,374,939	47,276,347

See accompanying independent auditor's report.

GENERAL INFORMATION

The Johnston Community School District is located in central Iowa within the Des Moines Metropolitan area. Included within the District's 25,344 acres are the cities of Johnston and portions of Des Moines, Urbandale and Grimes. Transportation facilities are provided by U.S. Interstates 35 & 80, Iowa Highway 401, as well as numerous paved county roads. Commercial airline service is available at the Des Moines International Airport. Commercial development within the District has been greatly enhanced by the continued growth of the northwestern portion of the metropolitan area. Residential growth and recreational opportunities within the District have been enhanced by the construction of Saylorville Lake, a U.S. Corps of Engineers flood control dam impounding the Des Moines River.



The three major employers within the District are Pioneer Hi-Bred International, Inc., Iowa National Guard-Camp Dodge, and John Deere Credit. Pioneer Hi-Bred International, Inc. is an internationally known producer of hi-bred seed. Employing over 1,000 persons within the District, Pioneer's facilities within Johnston (approximately 500,000 square feet office and laboratory space) include the Central Division Offices, Plant Breeding Division, Pioneer Data Systems Division, and Green Meadows Limited. Iowa National Guard-Camp Dodge is a military division of public defense and employs over 500 persons.

Continuing education centers within commuting distance include: Drake University, Des Moines; Grand View College, Des Moines; University of Osteopathic Medicine, Des Moines; Iowa State University of Science and Technology, Ames; Simpson College, Indianola; and Area XI Des Moines Area Community College, Ankeny.

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2007			1998		
	2005* Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Pioneer Hi-Bred Intl. Corp.	\$65,129,190	1	4.71%	38,436,854	2	6.36%
Mid American Energy	39,947,783	2	2.89%	44,292,932	1	7.33%
Deer Credit Service	28,126,000	3	2.03%	-	-	-
MFR Partners III	17,357,000	4	1.25%	-	-	-
Mid-American Inv. Co.	15,847,660	5	1.15%	-	-	-
Target Corp.	13,139,000	6	0.95%	-	-	-
Green Meadows LTD	12,284,870	7	0.89%	11,308,480	5	1.87%
Spirit SPE Johnston LLC	11,660,000	8	0.84%	-	-	-
Village Court	11,025,110	9	0.80%	15,365,580	3	2.54%
Mansions at Hemingway	9,635,680	10	0.70%	-	-	-
Westchester Village & Square	-	-	-	13,909,000	4	2.30%
AMCENA Properties (Maurices)	-	-	-	7,445,950	6	1.23%
Graham Group	-	-	-	6,233,100	7	1.03%
MLH Income Realty (Haymarket Center)	-	-	-	5,334,000	8	0.88%
U.S. West	-	-	-	4,412,952	9	0.73%
Des Moines Assn Limited Partnership	-	-	-	4,294,000	10	0.71%
Total	\$224,152,293		16.21%	\$151,032,848		24.98%
Total taxable value	\$1,383,579,240			\$604,618,142		

*Basis for taxes paid in FY07
Source: Polk County Auditor

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2007			1998		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Pioneer Hi-Bred International, Inc.	1,600	1	*	1,471	1	*
John Deere Credit	910	2	*	*	*	*
Johnston Community Schools	800	3	*	505	3	*
Iowa National Guard	704	4	*	576	2	*
Heartland Area Education Agency	250	5	*	156	7	*
Bishop Drumm Care Center	245	6	*	202	5	*
Children's Habilitation Center	175	7	*	*	*	*
Iowa Public Television	127	8	*	130	8	*
ITS Inc.	125	9	*	183	6	*
Youth Homes of Mid-America	80	10	*	*	*	*
American Concrete Products	*	*	*	235	4	*
Iowa Communications Network	*	*	*	96	9	*
All other employers	*		*			*
Total	5,016		*	3,554		*

*Information not available
Note: Data for 9 available for 1998
Source: City of Johnston

POPULATION

Calendar Year	Population	Personal Income (000's)	Per Capita Personal Income	Unemployment Rate - %
1997*	7,149	\$ 10,155,903	\$ 28,134	1.5
1998*	7,649	11,031,940	30,217	1.2
1999*	8,149	11,636,115	31,399	1.1
2000	8,649	12,299,159	32,725	1.4
2001*	9,506	12,735,942	33,461	1.7
2002*	10,483	13,421,332	34,817	2.1
2003*	11,742	13,872,647	35,583	2.4
2004*	12,834	15,002,909	38,058	2.7
2005**	13,596	15,754,629	39,215	2.9
2006*	15,076	NA	NA	2.5

*Estimated

**Special Census

(1) Source: Office of Social & Economic Trend Analysis - www.seta.iastate.edu

(2) Source: Iowa Workforce, data available for Polk County and particular cities.

No data available for Johnston, therefore used Urbandale, a neighboring district.

NA-Information not available

2000 census figures according to age group for the cities of Johnston, Urbandale and Des Moines:

	Johnston	Urbandale	Des Moines
Under 19 years	31.5%	28.5%	27.8%
20 to 24 years	3.4%	4.8%	7.6%
25 to 44 years	31.6%	31.3%	31.8%
45 to 64 years	22.6%	24.6%	20.4%
65 to 84 years	8.7%	9.6%	10.5%
85 and over	2.2%	1.7%	1.8%
Median Age	36.3	37.0	33.8

Source: U.S. Census

RETAIL SALES (IN MILLIONS)

Year ended 3/31	Johnston	Des Moines	Polk County	State
2007	134.0	\$ 3,418.1	\$ 6,473.5	\$ 31,645.7
2006	126.1	3,502.6	6,462.9	31,108.3
2005	124.3	3,418.1	6,173.6	29,805.3
2004	110.7	3,492.3	6,035.2	29,099.3
2003	98.2	3,713.2	6,190.4	28,704.9
2002	87.4	3,789.7	6,052.8	28,446.6
2001	77.7	3,994.6	6,111.4	28,481.7
2000	77.2	4,108.0	6,061.1	27,586.1
1999	57.7	4,054.9	5,848.5	26,770.7
1998	48.2	3,944.1	5,527.4	NA
1997	44.2	3,935.5	5,396.5	NA
1996	45.4	3,844.2	5,167.4	NA
1995	43.0	3,683.0	4,910.4	

NA - Information not available.

Source: Iowa Department of Revenue & Finance

BANK DEPOSITS

Institution	June 30, 2007 Deposits inside Market
Polk County Bank	\$ 80,481,000
Charter Bank	55,454,000
Wells Fargo Bank	42,932,000
Community State Bank	28,375,000
Bank of the West	17,495,000
First Bank	10,120,000
First Federal Bank	4,185,000
Bank Iowa	1,538,000
ITS Bank	500,000
	<u>\$ 241,080,000</u>

Source: FDIC Deposit Market Share Report, Zip Code 50131

RESIDENTIAL CONSTRUCTION BY NUMBER OF DWELLING UNITS

Year	Single Family	Townhome	Multi-family	(# Multi-family living units)	Totals
2006	190	175	0	0	365
2005	269	100	0	0	369
2004	324	65	0	0	389
2003	253	90	24	204	571
2002	226	30	19	152	427
2001	206	98	4	32	340
2000	130	78	0	0	208
1999	252	93	0	0	345
1998	186	77	0	0	263
1997	174	2	0	0	176
1996	167	17	0	0	184
1995	141	0	0	0	141
1994	96	6	6	144	252
1993	65	13	0	0	78
1992	60	5	0	0	65
1991	46	9	0	0	55
1990	24	2	1	60	87
Total	2,809	860	54	592	4,315

Source: City of Johnston Planning Department

TAXABLE ASSESSED VALUATION* BY PROPERTY TYPE
Last Ten Fiscal Years

Collection Year	Residential	Ag Land	Ag Buildings	Commercial	Industrial	Personal	Utilities	Total
2006-07	\$ 849,402,510	3,358,070	521,830	520,985,510	3,152,260	-	40,083,126	1,417,503,306
2005-06	730,312,876	3,746,610	587,780	497,676,173	2,722,717	-	47,261,232	1,282,307,388
2004-05	668,827,186	4,114,630	578,690	380,091,624	2,598,269	-	50,018,656	1,106,229,055
2003-04	609,420,161	6,481,470	505,190	342,771,383	2,314,150	-	51,068,590	1,012,560,944
2002-03	563,424,609	6,878,360	516,830	265,532,081	2,100,870	745,273	48,615,982	887,814,005
2001-02	518,631,796	7,693,210	444,460	235,087,410	1,987,060	1,671,646	49,739,362	815,254,944
2000-01	461,112,001	7,725,820	460,050	226,654,770	1,558,730	2,160,822	50,022,949	749,695,142
1999-00	415,776,925	7,068,500	388,600	216,179,999	1,355,170	3,691,768	52,260,843	696,721,805
1998-99	371,165,842	7,114,730	375,830	205,233,194	1,335,290	7,102,895	55,309,042	647,636,823
1997-98	340,490,258	6,443,900	326,580	194,879,430	1,280,720	8,533,764	50,980,638	602,935,290

Collection Year	Residential	Ag Land	Ag Buildings	Commercial	Industrial	Personal	Utilities	Total
2006-07	59.9%	0.2%	0.0%	36.8%	0.2%	0.0%	2.8%	100.0%
2005-06	57.0%	0.3%	0.0%	38.8%	0.2%	0.0%	3.7%	100.0%
2004-05	60.5%	0.4%	0.1%	34.4%	0.2%	0.0%	4.5%	100.0%
2003-04	60.2%	0.6%	0.0%	33.9%	0.2%	0.0%	5.0%	100.0%
2002-03	63.5%	0.8%	0.1%	29.9%	0.2%	0.1%	5.5%	100.0%
2001-02	63.6%	0.9%	0.1%	28.8%	0.2%	0.2%	6.1%	100.0%
2000-01	61.5%	1.0%	0.1%	30.2%	0.2%	0.3%	6.7%	100.0%
1999-00	59.7%	1.0%	0.1%	31.0%	0.2%	0.5%	7.5%	100.0%
1998-99	57.3%	1.1%	0.1%	31.7%	0.2%	1.1%	8.5%	100.0%
1997-98	56.5%	1.1%	0.1%	32.3%	0.2%	1.4%	8.5%	100.0%

* Does not include TIF Valuation

Source: Polk County Auditor

PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	General	Mngt.	Reg. PPEL	Voted PPEL	Debt Service	Total
2006-07	\$ 13.14847	\$ 1.00293	\$ 0.33000	\$ 1.34000	\$ 1.52483	\$17.34623
2005-06	13.17896	0.71311	0.33000	1.34000	1.78541	17.34748
2004-05	13.13583	0.76838	0.33000	1.34000	1.63632	17.21053
2003-04	12.54170	0.74070	0.33000	1.34000	1.78533	16.73773
2002-03	11.89065	0.39423	0.33000	0.67000	2.36958	15.65446
2001-02	10.99253	0.33732	0.33000	0.67000	2.76844	15.09829
2000-01	10.53107	0.22009	0.33000	0.67000	3.08515	14.83631
1999-00	10.37903	0.17941	0.33000	0.67000	3.43546	14.99390
1998-99	9.75973	0.18529	0.33000	0.67000	3.72547	14.67049
1997-98	9.56906	0.19903	0.33000	0.67000	4.05000	14.81809

Source: District records

PROPERTY TAX COLLECTION HISTORY
Last Ten Fiscal Years

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2006-07	\$ 23,764,917	23,620,489	99.39%
2005-06	20,309,486	20,307,113	99.99%
2004-05	19,467,819	19,389,568	99.60%
2003-04	17,341,078	17,315,386	99.85%
2002-03	14,389,451	14,312,952	99.47%
2001-02	12,651,417	12,576,873	99.41%
2000-01	11,379,847	10,982,032	96.50%
1999-00	10,640,485	10,234,903	96.19%
1998-99	9,466,591	9,315,620	98.41%
1997-98	8,992,250	9,032,527	100.45%
	Average Percentage Collected		98.73%

Source: Certified Annual Report

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Year ended June 30,	Taxies Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 23,739,889	23,704,921	99.85%	465	23,705,386	99.85%
2006	21,014,237	21,011,386	99.99%	1,422	21,012,808	99.99%
2005	19,436,154	19,393,809	99.78%	4,288	19,398,097	99.80%
2004	17,266,798	17,300,548	100.20%	-183	17,300,365	100.19%
2003	14,376,833	14,322,695	99.62%	-670	14,322,025	99.62%
2002	12,637,902	12,586,538	99.59%	868	12,587,406	99.60%
2001	11,371,269	11,475,255	100.91%	962	11,476,217	100.92%
2000	10,640,485	10,234,903	96.19%	*	10,234,903	96.19%
1999	9,466,591	9,376,285	99.05%	*	9,376,285	99.05%
1998	8,992,250	9,029,027	100.41%	*	9,029,027	100.41%

*Information not available

Source: Polk County Cash Management

**PROPERTY TAX LIABILITY
Last Ten Fiscal Years**

Fiscal Year	Assessed Value	Rollback	Taxable Value	Rate	Tax Liability	Change Dollars	Percent
2006-07	\$ 200,000	46.00%	92,000	17.34623	1,596	(68)	-4.1%
2005-06	200,000	47.96%	95,920	17.34748	1,664	(4)	-0.2%
2004-05	200,000	48.46%	96,912	17.21053	1,668	(52)	-3.0%
2003-04	200,000	51.39%	102,775	16.73772	1,720	102	6.3%
2002-03	200,000	51.67%	103,335	15.65446	1,618	(81)	-4.8%
2001-02	200,000	56.27%	112,530	15.09829	1,699	71	4.4%
2000-01	200,000	54.85%	109,705	14.83631	1,628	(66)	-3.9%
1999-00	200,000	56.48%	112,958	14.99390	1,694	83	5.2%
1998-99	200,000	54.91%	109,818	14.67049	1,611	(270)	-14.4%
1997-98	200,000	58.83%	117,657	15.98777	1,881	42	2.3%

Source: District records, Polk County Assessor

**PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

		Overlapping Rates					District Direct Rates						
Levy Year	Collection Year	Polk County	State	Area XI Community College	City	Special	Johnston General Purpose	Johnston Capital Purpose	Johnston Debt Service	Johnston Community School District	Total	Ratio of Johnston CSD to Total	
City of Des Moines													
2005	2006-07	10.76215	0.00350	0.60276	16.59028	0.35918	14.15140	1.67000	1.52483	17.34623	45.66410	0.37987	
2004	2005-06	9.55090	0.00400	0.68408	16.52000	0.79301	13.89207	1.67000	1.78541	17.34748	44.89947	0.38636	
2003	2004-05	9.60980	0.00400	0.59856	17.05539	0.76702	13.90421	1.67000	1.63632	17.21053	45.24530	0.38038	
2002	2003-04	9.40708	0.00400	0.58184	17.04806	0.35518	13.27434	1.67000	1.78533	16.72967	44.12583	0.37914	
2001	2002-03	9.34184	0.00400	0.54584	17.04857	0.38033	12.28488	1.00000	2.36958	15.65446	42.97504	0.36427	
2000	2001-02	9.63888	0.00500	0.54454	17.04857	0.35432	11.32985	1.00000	2.76844	15.09829	42.68960	0.35368	
1999	2000-01	9.25371	0.00500	0.54506	16.57304	0.39163	10.75120	1.00000	3.08520	14.83631	41.60475	0.35660	
1998	1999-00	9.27874	0.00500	0.52451	16.81579	0.42847	10.55844	1.00000	3.43546	14.99390	42.04641	0.35660	
1997	1998-99	9.28690	0.00500	0.50551	16.93966	0.45088	9.94502	1.00000	3.72547	14.67049	41.85844	0.35048	
1996	1997-98	9.18010	0.00500	0.47230	16.24935	0.48012	9.76809	1.00000	4.05000	14.81809	41.20496	0.35962	
City of Grimes													
2005	2006-07	10.21360	0.00350	0.60276	12.92590	-	14.15140	1.67000	1.52483	17.34623	41.09199	0.42213	
2004	2005-06	9.55090	0.00400	0.68408	12.82953	0.39228	13.89207	1.67000	1.78541	17.34748	40.80827	0.42510	
2003	2004-05	9.60980	0.00400	0.59856	12.84260	0.35480	13.90421	1.67000	1.63632	17.21053	40.62029	0.42369	
2002	2003-04	9.40708	0.00400	0.58184	12.82394	0.35518	13.27434	1.67000	1.78533	16.72967	39.90171	0.41927	
2001	2002-03	9.34184	0.00400	0.54584	12.76837	0.38033	12.28488	1.00000	2.36958	15.65446	38.69484	0.40456	
2000	2001-02	9.63888	0.00500	0.54454	11.72852	-	11.32985	1.00000	2.76844	15.09829	37.01523	0.40789	
1999	2000-01	9.25371	0.00500	0.54506	11.61255	-	10.75120	1.00000	3.08520	14.83631	36.25263	0.40925	
1998	1999-00	9.27874	0.00500	0.52451	11.61165	-	10.55844	1.00000	3.43546	14.99390	36.41380	0.41176	
1997	1998-99	9.28690	0.00500	0.50551	12.27467	-	9.94502	1.00000	3.72547	14.67049	36.74257	0.39928	
1996	1997-98	9.11536	0.00500	0.47230	11.02283	-	9.76809	1.00000	4.05000	14.81809	35.43358	0.41819	
City of Johnston													
2005	2006-07	10.22677	0.00350	0.60276	11.30298	-	14.15140	1.67000	1.52483	17.34623	39.48224	0.43934	
2004	2005-06	9.55090	0.00400	0.68408	10.74278	0.39228	13.89207	1.67000	1.78541	17.34748	38.72152	0.44801	
2003	2004-05	9.60980	0.00400	0.59856	10.80991	0.35480	13.90421	1.67000	1.63632	17.21053	38.58760	0.44601	
2002	2003-04	9.40708	0.00400	0.58184	10.88788	0.35518	13.27434	1.67000	1.78533	16.72967	37.96565	0.44065	
2001	2002-03	9.34184	0.00400	0.54584	10.89082	0.38033	12.28488	1.00000	2.36958	15.65446	36.81729	0.42519	
2000	2001-02	9.63888	0.00500	0.54454	11.19234	-	11.32985	1.00000	2.76844	15.09829	36.47905	0.41389	
1999	2000-01	9.25371	0.00500	0.54506	9.93838	-	10.75120	1.00000	3.08520	14.83631	34.57846	0.42906	
1998	1999-00	9.27874	0.00500	0.52451	9.47808	-	10.55844	1.00000	3.43546	14.99390	34.28023	0.43739	
1997	1998-99	9.28690	0.00500	0.50551	9.85999	-	9.94502	1.00000	3.72547	14.67049	34.32789	0.42736	
1996	1997-98	9.11536	0.00500	0.47230	9.64987	-	9.76809	1.00000	4.05000	14.81809	34.06062	0.43505	
City of Urbandale													
2005	2006-07	10.33434	0.00350	0.60276	9.22000	0.35918	14.15140	1.67000	1.52483	17.34623	37.86601	0.45810	
2004	2005-06	9.55090	0.00400	0.68408	9.07010	0.79301	13.89207	1.67000	1.78541	17.34748	37.44957	0.46322	
2003	2004-05	9.60980	0.00400	0.59856	9.07306	0.76702	13.90421	1.67000	1.63632	17.21053	37.26297	0.46187	
2002	2003-04	9.40708	0.00400	0.58184	9.07000	0.35518	13.27434	1.67000	1.78533	16.72967	36.14777	0.46281	
2001	2002-03	9.34184	0.00400	0.54584	8.97000	0.38033	12.28488	1.00000	2.36958	15.65446	34.89647	0.44860	
2000	2001-02	9.63888	0.00500	0.54454	11.19234	-	11.32985	1.00000	2.76844	15.09829	36.47905	0.41389	
1999	2000-01	9.25371	0.00500	0.54506	8.97000	0.39163	10.75120	1.00000	3.08520	14.83631	34.00171	0.43634	
1998	1999-00	9.27874	0.00500	0.52451	8.83994	0.42847	10.55844	1.00000	3.43546	14.99390	34.07056	0.44008	
1997	1998-99	9.28690	0.00500	0.50551	8.49000	0.45088	9.94502	1.00000	3.72547	14.67049	33.40878	0.43912	
1996	1997-98	9.11536	0.00500	0.47230	8.51857	0.48012	9.76809	1.00000	4.05000	14.81809	33.40944	0.44353	

Source: Polk County Auditor

DEBT LIMIT

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The district's debt limit, based upon said valuation, amounts to the following:

Actual value of property, 2006:	\$ 2,523,734,642
	0.05
Debt Limit:	<u>\$ 126,186,732</u>

Total Direct Debt = \$ 51,370,000 or 40.7% of debt limit.

*Includes TIF valuation of \$71,392,030

OVERLAPPY AND UNDERLYING DEBT

Issuer	Outstanding Debt	Total Taxable Valuation	Valuation Within Issuer	Percent Applicable	Amount Applicable
Polk County	\$252,441,000	17,101,741,082	1,492,882,000	8.73%	22,036,623
DMACC	69,505,000	29,985,789,932	1,492,882,000	4.98%	3,460,398
Heartland AEA 11	-	29,985,789,932	1,492,882,000	4.98%	-
Urbandale San Sewer Dist	4,155,000	1,957,594,127	333,955,785	17.06%	708,822
City of Des Moines	324,597,715	6,210,510,617	124,724,438	2.01%	6,518,831
City of Grimes	4,735,000	281,359,587	56,972,356	20.25%	958,788
City of Johnston	37,700,000	872,343,563	872,343,563	100.00%	37,700,000
City of Urbandale	35,010,000	2,088,257,776	327,091,988	15.66%	5,483,753
Subtotal, overlapping debt	<u>\$728,143,715</u>				<u>\$76,867,215</u>

District direct debt:			
General obligation	\$ 40,055,000		100% \$ 40,055,000
Capital loan notes	4,065,000		100% 4,065,000
Sales tax revenue	7,250,000		100% 7,250,000
Total direct and overlapping debt	<u>\$779,513,715</u>		<u>\$128,237,215</u>

Source: Polk County Auditor, Government Offices

OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Total**	100% Assessed Valuation *
	General Obligation Bonds	Sales Tax Revenue Bonds	Equipment and Capital Loan Notes		
2007	\$ 40,055,000	\$ 7,250,000	\$ 4,065,000	\$ 51,370,000	\$ 2,390,757,791
2006	44,835,000	9,500,000	4,690,000	59,025,000	2,084,408,874
2005	16,815,000	9,500,000	5,300,000	31,615,000	1,955,589,136
2004	18,050,000	7,485,000	5,900,000	31,435,000	1,709,937,084
2003	19,200,000	3,830,000	-	23,030,000	1,426,451,515
2002	20,580,000	5,565,000	-	26,145,000	1,222,199,774
2001	31,950,000	-	-	31,950,000	1,136,728,451
2000	33,195,000	-	-	33,195,000	1,020,210,435
1999	24,345,000	-	-	24,345,000	983,762,223
1998	25,425,000	-	-	25,425,000	858,037,064

* Includes TIF Valuation

** Total Indebtedness indicates amount of debt at the end of the fiscal year.

***Source: Office of Social & Economic Trend Analysis at www.seta.iastate.edu

****Source: Iowa Workforce, data available for Polk County and particular cities.
 However, no data for Johnston, so used Urbandale, neighboring district.

NA-Information not available

Percent of Actual Taxable Value of Property	Population***	Per Capita	Personal Income (000's)****	Percentage of Personal Income
2.15%	15,076	3,407	NA	NA
2.83%	15,076	3,915	NA	NA
1.62%	13,596	2,325	15,754,629	0.20%
1.84%	12,834	2,449	15,002,909	0.21%
1.61%	11,742	1,961	13,872,647	0.17%
2.14%	10,483	2,494	13,421,332	0.19%
2.81%	9,506	3,361	12,735,942	0.25%
3.25%	8,649	3,838	12,299,159	0.27%
2.47%	8,149	2,987	11,636,115	0.21%
2.96%	7,649	3,324	11,031,940	0.23%

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2007 \$2,523,734,642

Debt limit (5% of assessed value)	\$126,186,732
Debt applicable to limit	40,055,000
Legal debt margin	<u><u>\$86,131,732</u></u>

Year ended June 30,	1998	1999	2000	2001	2002	2003
Debt limit	\$ 42,901,853	52,522,438	59,987,994	59,987,994	61,109,989	71,322,576
Total net debt applicable to limit	<u>25,425,000</u>	<u>24,345,000</u>	<u>33,195,000</u>	<u>31,950,000</u>	<u>20,580,000</u>	<u>19,200,000</u>
Legal debt margin	<u>\$ 17,476,853</u>	<u>28,177,438</u>	<u>26,792,994</u>	<u>28,037,994</u>	<u>40,529,989</u>	<u>52,122,576</u>
Total net debt applicable to the limit as a percentage of debt limit	59%	46%	55%	53%	34%	27%

Source: Polk County Auditor and District Records

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
85,496,854	97,687,634	104,220,444	126,186,732
<u>18,050,000</u>	<u>16,815,000</u>	<u>44,835,000</u>	<u>40,055,000</u>
<u>67,446,854</u>	<u>80,872,634</u>	<u>59,385,444</u>	<u>86,131,732</u>
21%	17%	43%	32%

**PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years**

Year Ended June 30,	Bonds Issued	Local Option Sales Tax Revenue Bonds				Coverage
		Revenue	Debt Service		Total	
			Principal	Interest		
2007	\$ -	5,541,955	2,350,000	1,834,225	4,184,225	1.324488
2006	-	4,710,741	-	-	-	*
2005	12,155,000	4,485,570	10,140,000	229,231	10,369,231	0.432585
2004	5,525,000	4,074,403	1,870,000	184,047	2,054,047	1.983598
2003	-	3,859,969	1,735,000	196,544	1,931,544	1.998385
2002	5,565,000	3,570,317	10,000,000	537,725	10,537,725	0.338813
2001	10,000,000	3,866,882	-	537,775	537,775	7.19052
2000	NA	NA	NA	NA	NA	
1999	NA	NA	NA	NA	NA	
1998	NA	NA	NA	NA	NA	

Source; District Records

*Coverage ratio not applicable as no debt payment in this fiscal year

NA: Sales tax revenue did not begin until fiscal year 2001.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
Last Ten Fiscal Years**

Fiscal Year	Principal	Interest	Services	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
2006-07	\$ 7,655,000	2,592,151	5,274	10,252,425	43,241,313	23.71%
2005-06	8,900,000	737,098	1,300	9,638,398	39,164,333	24.61%
2004-05	3,795,000	996,868	3,500	4,795,368	34,831,387	13.77%
2003-04	3,620,000	1,184,564	3,250	4,807,814	31,379,456	15.32%
2002-03	3,115,000	1,264,218	1,425	4,380,643	29,870,388	14.67%
2001-02	1,370,000	1,137,068	1,575	2,508,643	28,487,789	8.81%
2000-01	4,995,000	1,790,672	1,350	6,787,022	26,202,424	25.90%
1999-00	1,150,000	1,345,940	1,500	2,497,440	22,799,669	10.95%
1998-99	1,080,000	1,410,318	2,325	2,492,643	20,858,051	11.95%
1997-98	1,005,000	1,507,091	1,388	2,513,479	18,806,629	13.36%

Source: District Data

**COMPARATIVE RATIO OF DEBT SERVICE TO GOVERNMENTAL FUNDS EXPENDITURES
Last Ten Fiscal Years**

Year ending June 30,	1998	1999	2000	2001
Instruction:	\$ 11,854,590	13,127,978	14,498,176	16,572,480
Regular instruction	*	*	*	*
Special instruction	*	*	*	*
Other instruction	*	*	*	*
Support services:	6,746,671	7,568,645	8,097,610	9,436,916
Student services	*	*	*	*
Instructional staff services	*	*	*	*
Administration services	*	*	*	*
Plant operation and maintenance	*	*	*	*
Transportation services	*	*	*	*
Non-instructional programs:				
Food services	-	-	-	-
Community service and education	-	-	-	-
Capital outlay	6,078,539	2,018,576	2,406,813	6,867,350
Debt service:				
Principal	1,005,000	1,080,000	1,150,000	4,995,000
Interest	1,507,091	1,410,318	1,345,940	1,790,672
Services	1,388	2,325	900	22,803
Intergovernmental other expenditures	792,497	871,541	981,100	1,065,880
Total expenditures	\$ 27,985,776	26,079,383	28,480,539	40,751,101
Debt service as a percentage of non-capital expenditures	12.96%	11.56%	10.59%	25.15%

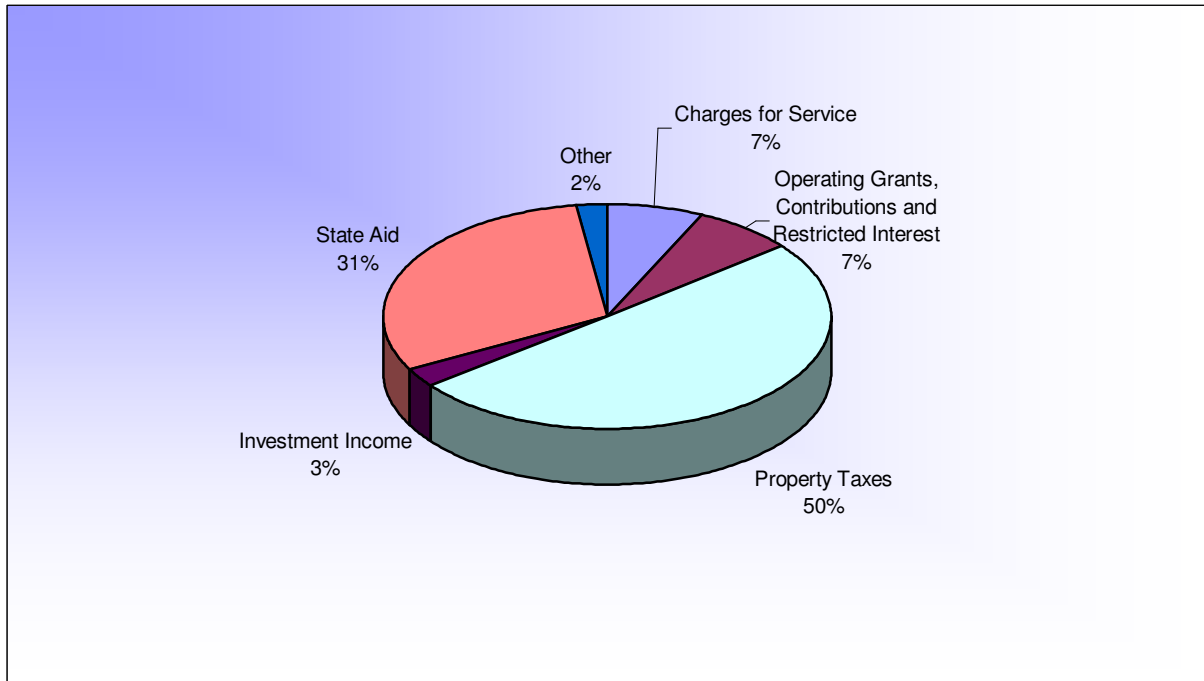
*Instruction and support service expenditures were not broken down into further functional detail for these years. Therefore, only total instruction and total support services are shown.

Source: 2007 Certified Annual Report

2002	2003	2004	2005	2006	2007
18,664,286	-	-	-	-	-
*	\$13,619,433	\$14,923,600	\$16,682,152	\$18,389,994	\$19,978,686
*	4,021,880	5,449,798	6,196,627	5,867,984	6,694,623
*	2,531,466	2,082,883	2,186,628	2,385,744	2,841,136
9,858,214	-	-	-	-	-
*	1,177,213	1,082,857	1,123,216	1,189,547	1,289,939
*	2,393,225	1,309,542	1,452,473	1,985,956	2,087,999
*	2,679,639	2,737,819	2,685,530	4,011,887	4,781,180
*	2,548,618	3,095,173	3,596,527	3,707,823	3,903,490
*	1,342,785	1,460,984	1,846,703	1,675,469	2,103,016
-	-	646	713	8,203	2,855
-	-	2,508	5,130	142,590	121,130
4,602,807	2,199,651	15,198,700	4,949,087	7,242,583	16,166,714
11,370,000	9,415,000	3,620,000	11,975,000	9,510,000	7,655,000
1,674,567	1,264,768	1,184,564	1,155,598	1,085,413	2,592,150
1,575	1,575	3,250	3,900	2,450	5,274
1,104,898	1,179,686	1,176,050	1,261,795	1,408,173	1,606,455
47,276,347	44,374,939	53,328,374	55,121,079	58,613,816	71,829,647
44.03%	33.92%	14.43%	35.46%	25.99%	22.58%

GOVERNMENT-WIDE REVENUES, BY SOURCE
Last Five Fiscal Years*

PROGRAM REVENUES			GENERAL REVENUES				
Fiscal Year	Charges for Service	Operating Grants, Contributions and Restricted Interest	Property Taxes	Investment Income	State Aid	Other	TOTAL
2006-07	\$ 4,065,829	4,136,055	28,943,854	1,610,716	17,692,641	1,213,525	57,662,620
2005-06	4,287,838	3,260,375	25,624,857	853,263	16,398,591	668,816	51,093,740
2004-05	4,390,273	3,117,791	23,672,255	200,335	14,607,644	501,142	46,489,440
2003-04	4,068,329	2,694,797	21,314,918	126,896	13,358,918	367,015	41,930,873
2002-03	3,918,932	2,953,549	18,180,329	51,709	13,105,626	284,271	38,494,416



*Note: No 10-year data available since required reporting began in FY03.
 Governmental activities only, does not include business activities.

Source: District Audits



**JOHNSTON
COMMUNITY**

SCHOOL DISTRICT

Excellence In Education

GOVERNMENTAL FUNDS REVENUES
Last Ten Fiscal Years

Year ended June 30,	1998	1999	2000	2001	2002
Local Sources:					
Property taxes	*	*	\$ 10,273,581	11,007,787	12,243,083
Local option sales tax	*	*	-	3,218,205	3,248,682
Utility replacement	*	*	**	**	**
Other local sources	*	*	3,288,808	3,214,670	4,075,038
Investment earnings	*	*	302,042	798,823	307,058
Student activities	*	*	384,492	200,217	219,633
Total local sources	13,099,007	13,735,533	14,248,923	18,439,702	20,093,494
State sources:					
State foundation aid	*	*	10,956,019	11,325,418	12,001,035
Other state sources	*	*	2,234,063	2,659,896	2,760,448
Total state sources	9,740,328	10,861,440	13,190,082	13,985,314	14,761,483
Federal sources	114,296	134,574	176,024	179,017	418,530
Total Revenues	\$ 22,953,631	24,731,547	27,615,029	32,604,033	35,273,507

*Revenue from local and state sources were not broken down into detail prior to fiscal year 2000. Therefore, only the total is shown for these resources.

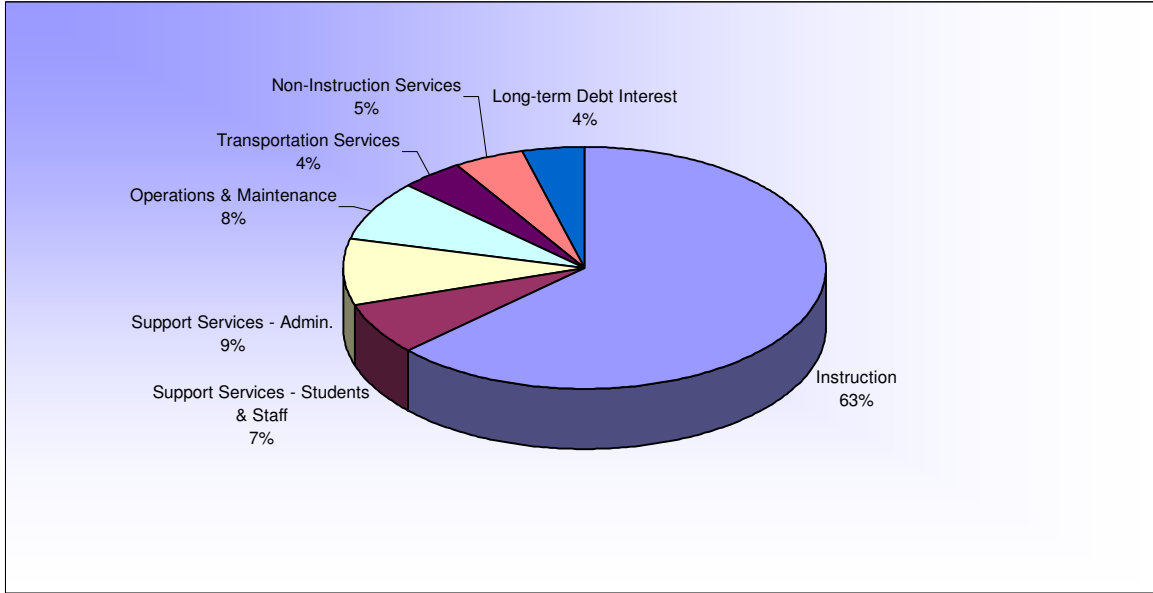
**Utility replacement revenue was not broken down into detail prior to fiscal year 2006.

Source: 2007 Certified Annual Report

2003	2004	2005	2006	2007
14,337,962	17,315,388	19,415,895	20,330,548	23,016,962
3,838,843	3,999,532	4,256,361	4,594,967	5,222,527
**	**	**	699,341	704,365
3,904,498	4,250,846	4,593,385	4,395,017	4,594,317
51,509	37,401	200,335	826,048	1,610,716
262,800	259,386	282,713	549,155	600,924
22,395,612	25,862,553	28,748,689	31,395,076	35,749,811
13,069,761	13,358,918	14,607,554	16,290,764	17,835,060
2,364,764	2,225,696	2,679,467	2,861,968	3,522,227
15,434,525	15,584,614	17,287,021	19,152,732	21,357,287
449,584	475,152	453,730	545,932	555,522
38,279,721	41,922,319	46,489,440	51,093,740	57,662,620

GOVERNMENT-WIDE EXPENSES, BY FUNCTION
Last Five Fiscal Years*

Fiscal Year	Instruction	Support Services - Students & Staff	Support Services - Admin.	Operations & Maintenance	Transportation Services	Non-Instruction Services	Long-term Debt Interest	Totals
2006-07	\$ 30,666,801	3,364,566	4,344,754	3,896,886	2,048,069	2,220,161	2,058,741	48,599,978
2005-06	28,211,145	3,103,750	4,048,697	3,717,675	1,759,129	1,880,582	1,752,411	44,473,389
2004-05	26,518,342	2,563,853	2,741,465	3,640,341	1,724,913	2,153,539	1,162,844	40,505,297
2003-04	23,852,166	2,424,261	2,869,991	3,083,216	1,480,230	1,937,560	1,212,624	36,860,048
2002-03	21,456,624	3,597,988	2,723,030	2,548,817	1,368,743	2,007,094	1,241,410	34,943,706



*Note: No 10-year data available since required reporting began in FY03.
 Governmental activities only, does not include business activities.

Source: District Audits

EXPENSES, PROGRAM REVENUES AND NET REVENUES (EXPENSES)
Last Five Fiscal Years *

Year ended June 30,	2003	2004	2005	2006	2007
Expenses:					
Governmental activities:					
Instruction	\$ 21,456,624	23,852,166	26,518,342	28,211,145	30,666,801
Support services	10,238,578	9,857,698	10,670,572	12,629,251	13,654,275
Capital outlay	827,408	760,856	890,901	322,595	471,589
Long-term debt interest	1,241,410	1,212,624	1,162,844	1,752,411	2,058,741
Non-instructional programs	-	654	843	149,814	142,117
Other expenditures	1,179,686	1,176,050	1,261,795	1,408,173	1,606,455
Total governmental activities expenses	34,943,706	36,860,048	40,505,297	44,473,389	48,599,978
Business type activities:					
Nutrition	1,614,434	1,543,782	1,816,128	1,969,280	2,217,269
Day care services	1,237,387	1,230,729	1,524,092	1,858,371	2,033,473
Community education services	394,055	467,234	594,714	429,823	481,129
Total business type activities expenses	3,245,876	3,241,745	3,934,934	4,257,474	4,731,871
Total primary government expenses	\$ 38,189,582	40,101,793	44,440,231	48,730,863	53,331,849
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 3,737,924	3,846,633	4,172,796	3,932,276	3,890,184
Support services	174,815	221,696	217,477	355,562	175,645
Non-instructional programs	-	-	-	-	-
Other	6,193	-	-	-	-
Operating grants and contributions	2,953,549	2,694,797	3,117,791	3,260,375	4,136,055
Total governmental activities program revenues	6,872,481	6,763,126	7,508,064	7,548,213	8,201,884
Business type activities:					
Charges for services:					
Nutrition	1,337,514	1,453,805	1,578,301	1,686,958	1,751,445
Day care services	1,246,703	1,358,932	1,564,964	1,870,127	1,919,604
Community education services	377,596	438,535	548,318	391,836	435,473
Operating grants and contributions	354,505	375,335	441,769	548,230	526,633
Total business type program revenues	3,316,318	3,626,607	4,133,352	4,497,151	4,633,155
Total primary government program revenues	\$ 10,188,799	10,389,733	11,641,416	12,045,364	12,835,039
Net revenue (expense):					
Governmental activities	\$ (28,071,225)	(30,096,922)	(32,997,233)	(36,925,176)	(40,398,094)
Business type activities	70,442	384,862	198,418	239,677	(98,716)
Total primary government net expense	\$ (28,000,783)	(29,712,060)	(32,798,815)	(36,685,499)	(40,496,810)

*The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: 2007 Certified Annual Report

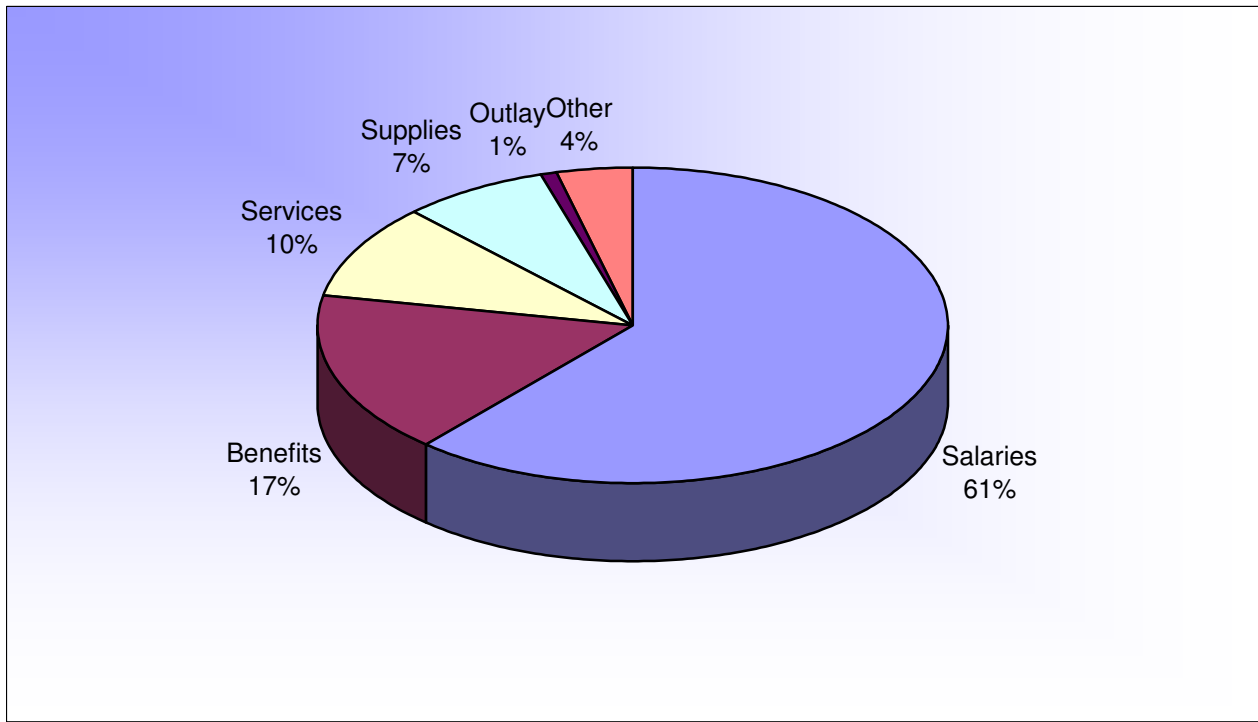
GENERAL FUND DISTRICT REVENUE, BY SOURCE
Last Ten Fiscal Years

Year ended June 30,	Appropriations				Total
	Local Tax	State Aid	Federal	Miscellaneous	
2007	\$ 17,801,516	21,362,218	555,522	4,917,000	44,636,256
2006	15,715,509	19,151,191	545,932	4,474,931	39,887,563
2005	14,471,413	17,287,492	453,730	4,106,168	36,318,803
2004	12,666,832	15,583,090	472,152	3,680,177	32,402,251
2003	10,498,565	15,433,183	449,584	3,396,212	29,777,544
2002	8,664,705	14,661,339	418,530	3,086,648	26,831,222
2001	7,629,434	11,301,083	179,017	5,322,000	24,431,534
2000	7,026,163	10,560,509	176,024	5,476,943	23,239,639
1999	6,145,864	9,146,986	130,174	4,391,876	19,814,900
1998	5,797,171	8,040,880	114,296	4,327,169	18,279,516

Source: Certified Annual Report

**GENERAL FUND DISTRICT EXPENDITURES, BY OBJECT
Last Ten Fiscal Years**

Fiscal Year	Salaries	Benefits	Purchased Services	Supplies	Capital Outlay	Other	Total
2006-07	\$ 26,536,568	7,201,396	4,257,673	3,220,967	352,435	1,685,718	43,254,757
2005-06	24,119,506	6,379,661	3,782,699	2,916,905	479,676	1,485,886	39,164,333
2004-05	22,005,891	5,614,383	3,337,095	2,202,975	348,548	1,322,495	34,831,387
2003-04	19,876,524	5,178,986	2,907,360	1,804,564	339,970	1,272,052	31,379,456
2002-03	19,031,924	4,736,267	2,849,270	1,505,519	281,775	1,465,633	29,870,388
2001-02	18,192,221	4,442,448	2,616,827	1,437,681	516,164	1,282,447	28,487,788
2000-01	15,828,336	3,682,418	2,877,306	1,810,048	792,547	1,211,769	26,202,424
1999-00	14,470,742	3,259,196	1,890,309	1,396,124	675,487	1,107,811	22,799,669
1998-99	12,931,080	2,776,927	2,002,082	1,464,038	690,468	993,456	20,858,051
1997-98	11,560,841	2,434,008	1,572,076	1,347,301	872,705	1,019,698	18,806,629



Source: Certified Annual Report

**OPERATING COST PER PUPIL
Last Ten Fiscal Years**

Fiscal Year		Total Costs	Daily Average Membership	General Fund Operating Expenses Per Pupil
2006-07	\$	43,254,757	5,008	8,637
2005-06		39,164,333	4,958	7,899
2004-05		34,831,387	4,898	7,111
2003-04		31,379,456	4,534	6,921
2002-03		29,870,388	4,386	6,810
2001-02		28,487,789	4,154	6,858
2000-01		26,202,424	3,983	6,579
1999-00		22,799,669	3,855	5,914
1998-99		20,858,051	3,736	5,583
1997-98		18,806,629	3,508	5,361

Source: Certified Annual Report



GENERAL FUND DISTRICT EXPENDITURES, BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Year ended June 30,	2007	2006	2005	2004	2003
Expenditures:					
Instruction:					
Regular instruction	\$ 19,502,959	\$ 17,899,267	16,213,278	14,580,899	13,166,722
Special educ. instruction	6,349,863	5,579,606	5,244,294	4,626,240	4,021,880
Other special instruction	1,243,961	1,087,372	952,331	823,558	442,949
Vocational instruction	668,866	342,352	484,419	492,330	467,906
Co-curricular instruction	701,237	729,862	778,752	687,537	648,056
Adult/Continuing education instruction	-	-	150,892	143,730	134,489
Subtotal	<u>28,466,886</u>	<u>25,638,459</u>	<u>23,823,966</u>	<u>21,354,294</u>	<u>18,882,002</u>
Support Services:					
Student support services	1,264,700	1,153,168	1,103,097	1,066,567	1,165,226
Instructional staff support	2,087,999	1,967,120	1,438,118	1,294,770	2,375,145
General administration	774,566	762,649	452,762	439,062	384,693
Building administration	2,377,055	2,134,689	1,395,883	1,488,082	1,351,246
Business administration	1,157,441	998,369	735,968	555,605	803,896
Plant operation/maintenance	3,661,473	3,455,940	3,065,671	2,532,850	2,533,915
Student transportation	1,733,974	1,523,730	1,521,071	1,300,483	1,194,579
Other support services	110,764	120,836	33,056	171,693	-
Subtotal	<u>13,167,972</u>	<u>12,116,501</u>	<u>9,745,626</u>	<u>8,849,112</u>	<u>9,808,700</u>
Other intergovernmental expenditures	<u>1,606,455</u>	<u>1,409,373</u>	<u>1,261,795</u>	<u>1,176,050</u>	<u>1,179,686</u>
Grand Totals	<u>\$ 43,241,313</u>	<u>39,164,333</u>	<u>34,831,387</u>	<u>31,379,456</u>	<u>29,870,388</u>

* Expenditures by function are on a modified accrual basis.

Source: Certified Annual Report

2002	2001	2000	1999	1998
12,268,545	11,005,660	9,283,958	8,433,120	7,879,260
3,914,006	3,404,752	3,153,771	2,839,877	2,334,275
318,064	299,165	265,126	158,752	144,607
403,156	342,309	394,976	390,488	197,216
604,229	551,965	528,030	494,637	431,615
130,570	154,879	152,736	149,978	314,108
17,638,570	15,758,730	13,778,597	12,466,852	11,301,081
1,224,067	844,924	756,610	716,456	624,595
2,674,730	2,672,170	2,302,172	2,119,304	2,026,964
345,269	362,617	196,656	178,570	170,591
1,253,776	1,209,110	1,083,444	921,625	682,998
741,132	723,355	600,134	768,324	511,878
2,329,151	2,318,374	1,973,073	1,781,251	1,595,038
1,176,195	1,247,264	1,127,883	1,034,401	969,955
-	-	-	-	131,032
9,744,320	9,377,814	8,039,972	7,519,931	6,713,051
1,104,898	1,065,880	981,100	871,541	792,497
28,487,788	26,202,424	22,799,669	20,858,324	18,806,629

FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Year ended June 30,	1998	1999	2000	2001	2002
General Fund:					
Reserved	\$ 139,360	277,381	261,090	209,213	251,347
Unreserved	2,824,983	1,480,721	1,936,982	153,623	(1,545,018)
Total general fund	2,964,343	1,758,102	2,198,072	362,836	(1,293,671)
All other governmental funds:					
Reserved, Debt Service	51,716	95,124	147,928	184,324	193,570
Unreserved, reported in:					
Special revenue funds	1,294,596	1,309,390	325,558	964,726	1,484,665
Capital project funds	314,030	-	9,625,548	6,457,606	1,130,442
Total all other governmental funds	1,660,342	1,404,514	10,099,034	7,606,656	2,808,677
Total governmental fund balances	\$ 4,624,685	3,162,616	12,297,106	7,969,492	1,515,006

Source: 2007 Certified Annual Report

2003	2004	2005	2006	2007
436,761	496,423	380,357	439,250	504,469
(1,867,297)	(904,157)	699,325	1,363,662	2,693,386
(1,430,536)	(407,734)	1,079,682	1,802,912	3,197,855
206,947	209,093	219,696	3,393,351	397,337
1,549,840	1,486,468	2,086,111	2,883,949	3,494,338
1,533,584	1,185,564	2,594,715	27,299,916	14,123,571
3,290,371	2,881,125	4,900,522	33,577,216	18,015,246
1,859,835	2,473,391	5,980,204	35,380,128	21,213,101

OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Year ended June 30,	1998	1999	2000	2001
Excess of revenues over (under) expenditures	\$ (5,032,145)	(1,347,836)	(865,510)	(8,147,068)
Other financing sources (uses):				
Transfers in	808,378	629,997	280,793	537,775
Transfers out	(808,378)	(629,997)	(280,793)	(537,775)
Capital contribution	-	(114,233)	-	-
Sale of bonds	-	-	10,000,000	-
Sale of property/equipment	-	-	-	133,800
General obligation bond proceeds	-	-	-	3,750,000
Sales tax revenue bond proceeds	-	-	-	-
Net change in fund balances	\$ (5,032,145)	(1,462,069)	9,134,490	(4,263,268)

Source: 2007 Certified Annual Report

2002	2003	2004	2005	2006	2007
(12,002,840)	(6,095,218)	(11,406,005)	(8,631,639)	(7,520,076)	(14,167,027)
10,537,725	2,091,187	2,804,031	11,225,244	1,248,028	5,392,773
(10,537,725)	(2,091,187)	(2,818,024)	(11,241,792)	(1,248,028)	(5,392,773)
-	-	-	-	-	-
-	6,300,000	12,025,000	12,155,000	36,920,000	-
-	214,695	8,554	-	-	-
-	-	-	-	-	-
5,565,000	-	-	-	-	-
(6,437,840)	419,477	613,556	3,506,813	29,399,924	(14,167,027)

NET ASSETS BY COMPONENT
Last Five Fiscal Years *

Year ended June 30,	2003	2004	2005	2006	2007
Governemental activities:					
Invested in capital assets, net of related debt	\$ 24,670,604	29,105,935	32,602,330	35,157,475	35,699,534
Restricted	2,261,334	2,136,870	2,190,011	5,608,504	11,831,699
Unrestricted	(2,293,364)	(1,547,399)	584,792	1,231,505	3,528,893
Total governmental activities net assets	24,638,574	29,695,406	35,377,133	41,997,484	51,060,126
Business-type activities:					
Invested in capital assets, net of related debt	\$ 463,442	401,213	680,399	629,082	865,179
Unrestricted	834,583	1,295,667	1,517,315	1,808,309	1,473,496
Total business-type activities net assets	\$ 1,298,025	1,696,880	2,197,714	2,437,391	2,338,675
Primary government:					
Invested in capital assets, net of related debt	\$ 25,134,046	29,507,148	33,282,729	35,786,557	36,564,713
Restricted	2,261,334	2,136,870	2,190,011	5,608,504	11,831,699
Unrestricted	(1,458,781)	(251,732)	2,102,107	3,039,814	5,002,389
Total primary government net assets	\$ 25,936,599	31,392,286	37,574,847	44,434,875	53,398,801

*The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: 2007 Certified Annual Report

GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS
Last Five Fiscal Years *

Year ended June 30,	2003	2004	2005	2006	2007
Net (expense) revenue:					
Governmental activities	\$ (28,071,225)	(30,096,922)	(32,997,233)	(36,925,176)	(40,398,094)
Business type activities	70,442	384,862	198,418	239,677	(98,716)
Total primary government net expense	\$ (28,000,783)	(29,712,060)	(32,798,815)	(36,685,499)	(40,496,810)
General revenues and other changes in net assets:					
Governmental activities:					
General revenues:					
Property taxes levied for:					
General purposes	\$ 10,865,336	13,415,403	15,337,951	16,565,872	19,159,367
Debt service	2,442,045	2,012,726	2,018,204	2,304,979	2,177,335
Capital outlay	4,872,948	1,887,257	2,059,739	2,159,039	2,384,625
Local option sales and services tax	-	3,999,532	4,256,361	4,594,967	5,222,527
Unrestricted state grants	13,105,626	13,358,918	14,607,644	16,398,591	17,692,641
Unrestricted investment earnings	51,709	126,896	200,335	853,263	1,610,716
Other	69,576	367,015	501,142	668,816	1,213,525
Capital contributions	-	-	(285,868)	-	-
Gain on sale of assets	214,695	-	-	-	-
Transfers	-	(13,993)	(16,548)	-	-
Total governmental activities	31,621,935	35,153,754	38,678,960	43,545,527	49,460,736
Business-type activities:					
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	285,868	-	-
Transfers	-	13,993	16,548	-	-
Total business-type activities	-	13,993	302,416	-	-
Total primary government general revenues and other changes in net assets	31,621,935	35,167,747	38,981,376	43,545,527	49,460,736
Change in net assets:					
Governmental activities	3,550,710	5,056,832	5,681,727	6,620,351	9,062,642
Business-type activities	70,442	398,855	500,834	239,677	(98,716)
Total primary government change in net assets	\$ 3,621,152	5,455,687	6,182,561	6,860,028	8,963,926

*The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: 2007 Certified Annual Report

**COMPARISONS OF GROWTH IN REVENUE, EXPENDITURES, ENROLLMENT,
 ASSESSED VALUATION AND TAX RATES - GENERAL FUND BY YEAR
 Last Ten Fiscal Years**

Fiscal Year	Revenue	Growth	Expenditures	Growth	Enrollment	Growth
2006-07	\$ 44,636,256	12.0%	\$ 43,241,313	10.4%	5,396.7	4.1%
2005-06	39,844,239	11.9%	39,164,333	12.4%	5,186.0	6.1%
2004-05	35,613,671	9.9%	34,831,387	11.0%	4,885.6	5.9%
2003-04	32,405,251	8.8%	31,379,456	5.1%	4,613.2	5.2%
2002-03	29,777,544	11.0%	29,870,388	4.9%	4,386.1	4.6%
2001-02	26,831,282	10.7%	28,487,789	8.7%	4,192.1	5.2%
2000-01	24,239,639	4.3%	26,202,424	14.9%	3,984.7	4.6%
1999-00	23,239,639	17.3%	22,799,669	9.3%	3,810.6	4.2%
1998-99	19,814,900	8.4%	20,858,051	10.9%	3,657.7	8.5%
1997-98	18,279,516	7.0%	18,806,629	11.4%	3,369.8	5.5%

Source: Polk County Auditor

	Assessed Value	Growth	Tax Rate	Growth
\$	1,417,503,306	10.5%	13.14847	-0.2%
	1,282,307,388	15.9%	13.17896	0.3%
	1,106,229,055	9.3%	13.13583	4.7%
	1,012,560,944	14.1%	12.54170	5.5%
	887,814,005	8.9%	11.89065	8.2%
	815,294,544	8.8%	10.99253	4.4%
	749,695,145	7.6%	10.53107	1.5%
	696,721,805	7.6%	10.37907	6.3%
	647,636,823	7.4%	9.75973	2.0%
	602,935,290	11.0%	9.56906	-5.8%

GENERAL ANALYSIS OF FACILITIES AND ENROLLMENT
June 30, 2007

	Date Constructed/ Purchased	Grades Served	Enrollment* at September, 2006
Elementary Schools			
Lawson	1958,1960,1967,1998	K-5	500
Wallace	1987,1989	PK-5	568
Beaver Creek	1997	K-5	858
Horizon	2001	K-5	650
Summit Middle School	2004	6-7	793
Johnston Middle School	1984,1990	8-9	854
Johnston High School	1972,1977,1994	9-12	1,175
At Risk Consortium		K-12	-
Alternative School	1998	9-12	-
Y-Home		7-12	-
	Total Students Served		<u>5,398</u>
Open enrollment/tuition out		K-12	368.0
Open enrollment/tuition in		K-12	400.0
Other facilities - non-student occupancy			
Transportation/Maintenance Facility	1995	Transportation/Building & Grounds	
Instructional Resource Building (Wallace West)	1983	Instructional Programs	
Administration Building	2000	Central Administration	
Warehouse	2000	Central Warehouse	

*All students served including tuition students.

Source: District Information

**DISTRICT STAFFING LEVELS -- General Fund (FTE)
Last Ten Fiscal Years**

	For Fiscal Year ended June 30,									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Administration:										
Superintendent	1.0	1.0	1	1	1	1	1	1	1	1
Assoc. Supt.	1.0	1.0	1	1	1	1	1	-	-	-
Principals	7.0	7.0	7	6	6	6	5	5	5	4
Assist. Principals	9.0	9.0	4	4	4	4	4	3	2	2
Other Admin.	2.0	2.0	2	2	2	2	2	3	1	5
Total Administration	20.0	20.0	15	14	14	14	13	12	9	12
Supervisors/ Coordinators/Managers	6.0	6.0	6	6	6	6	4	-	4	4
Instruction:										
Teachers	331.2	324.3	309	287	287	287	280	258	236	209
Counselors	11.0	9.5	7	7	7	7	7	9	7	7
Media Spec.	7.0	7.0	6	6	6	6	5	5	7	6
Other Instructors	4.0	4.0	4	4	4	4	9	9	-	-
Total Instruction	353.2	344.8	326	304	304	304	301	280	250	222
Professional/Other										
Nurses	6.0	6.0	6	6	6	6	5	5	5	4
Other Professional Staff	6.0	6.0	10	6	6	6	9	7	6	1
Total Professional/Other	12.0	12.0	16	12	12	12	14	12	11	5
Instructional Support Personnel:	114.6	114.6	112	125	125	123				
Support Personnel:										
Office/Clerical	25.0	24.0	23	25	25	25	22	20	19	18
Transportation	48.0	40.0	26	48	48	45				
Op. & Maintenance	38.0	38.0	36	31	31	31				
Service Personnel	5.0	5.0	-	-	-	-	185	191	168	137
Total Support Personnel	116.0	107.0	84	104	104	101	207	211	187	155
Grand Totals	621.8	604.4	559	565	565	560	539	514	461	398
Enrollment	5398	5167	4,920	4,615	4,372	4,192	3,985	3,812	3,658	3,370
Employees/Student	8.7	8.5	8.8	8.2	7.7	7.5	7.4	7.4	7.9	8.5

Source: District Data

DISTRICT ENROLLMENT
Last Ten Fiscal Years

Year	K-4	K-5	5-8	6-7	7-8	6-8	9-12	10-12	Total	Open Enrollment	
										In	Out
2006-07	-	2,576	-	793	854	-	-	1,175	5,398	313.0	338.0
2005-06	-	2,415	-	833	792	-	-	1,120	5,160	278.3	333.1
2004-05	-	2,287	-	830	786	-	-	1,027	4,930	277.1	281.1
2003-04	-	2,185	-	-	-	1,139	1,352	-	4,676	283.0	278.6
2002-03	-	2,098	-	-	-	1,046	1,228	-	4,372	281.0	284.0
2001-02	-	1,986	-	-	-	991	1,215	-	4,192	254.4	252.9
2000-01	-	1,912	-	-	-	895	1,178	-	3,985	274.3	216.0
1999-00	-	1,865	-	-	-	842	1,105	-	3,812	284.0	187.8
1998-99	-	1,769	-	-	-	826	1,063	-	3,658	245.5	185.1
1997-98	1,368	-	1,067	-	-	-	935	-	3,370	258.1	192.8

Source: District Records

**ANALYSIS OF ENROLLMENT BY GRADE
Last Ten Fiscal Years**

	As of the third Friday in September 1997-2005, First Monday in October, 2005 on									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Kindergarten	423	392	390	363	367	333	295	302	315	275
1	427	413	389	395	343	312	315	333	314	261
2	435	405	411	354	324	326	348	323	294	295
3	416	434	382	335	335	352	338	294	302	293
4	455	391	350	334	364	359	312	333	305	268
5	407	369	351	396	374	326	344	314	273	278
6	388	396	422	392	343	360	318	298	285	249
7	405	437	404	369	381	328	300	304	256	301
8	443	405	376	396	348	300	297	267	311	273
9	411	388	409	363	313	309	283	316	279	271
10	390	418	362	330	331	280	300	282	291	265
11	409	368	329	332	283	294	281	269	256	229
12	376	335	329	268	297	272	266	248	217	199
Pre-school Sp.Ed.	13	9	12	10	12	12				
Total Enrollment	5,398	5,160	4,916	4,637	4,415	4,163	3,997	3,883	3,698	3,457

Source: District Sources

SCHEDULE OF INSURANCE COVERAGE
June 30, 2007

Company	Type of Policy	Period	
		From	To
Employers Mutual Companies	Business Protection - property coverage	7/1/2006	6/30/2007
Employers Mutual Companies	Inland Marine Policy - Scheduled Equipment	7/1/2006	6/30/2007
Employers Mutual Companies	Business Protection - General Comprehensive Liability	7/1/2006	6/30/2007
Employers Mutual Companies	Business Protection - Automobile	7/1/2006	6/30/2007
Employers Mutual Companies	Business Protection- Crime Coverage	7/1/2006	6/30/2007
Employers Mutual Companies	Workers' Compensation	7/1/2006	6/30/2007
Employers Mutual Companies	Umbrella Liability	7/1/2006	6/30/2007
Employers Mutual Companies	Linebacker Policy - Errors and Omission Coverage	7/1/2006	6/30/2007
Employers Mutual Companies	Pollution Liability	7/1/2006	6/30/2007
Employers Mutual Companies	Excess Liability	7/1/2006	6/30/2007

Source: District Records

Note: The dollar amount for self insured reflects the amount paid during fiscal year 2007.

Liability Limits	Annual Premium
Building and property replacement; blanket boiler and vessels - business interruption and extra expense	\$ 101,427
Builders Risk for Construction of New Elementary School, Tennis Court/Concession	23,146
General aggregate - \$2,000,000; personal advertising limit - \$1,000,000; products/completed operations - \$2,000,000 aggregate; fire damage - \$100,000; any one occurrence limit \$1,000,000; medical expense - \$5,000	22,090
\$1,000,000 liability insurance/\$5,000 auto medical per person; \$1,000,000 uninsured motorist; \$1,000,000 underinsured motorist	36,406
Employee Theft per employee \$1,000,000; forgery or alterations \$10,000; Computer Fraud \$50,000; Funds Transfer fraud \$50,000	1,962
Self Insured-\$350,000 retention per occurrence, \$500,000 employer's liability maximum limit of indemnity per occurrence	157,641
\$10,000,000 Umbrella	31,202
\$1,000,000 Linebacker	5,711
\$500,000 each incident, \$1,000,000 aggregate	1,125
DIC \$10,000,000 limit	7,142
Total Premium	<u>\$ 387,852</u>



JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2007

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY 07	<u>\$ 108,244</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 07	27,751
National School Lunch Program	10.555	FY 07	<u>296,087</u>
			<u>323,838</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 07	<u>99,547</u>
Title I Program for Neglected & Delinquent Children	84.013	FY 07	<u>60,525</u>
Vocational Education - Basic Grants to States	84.048	FY 07	<u>26,430</u>
Safe and Drug-Free Schools and Communities- National Programs	84.184	FY 07	<u>2,465</u>
Fund for the Improvement of Education	84.215	FY 07	<u>14,253</u>
Special Education Technical Assistance and Dissemination to Improve Services & Results for Children with Disabilities	84.326	FY 07	<u>100</u>
Title III - English Language Acquisition State Grants	84.365	FY 07	<u>4,918</u>
Improving Teacher Quality State Grants	84.367	FY 07	<u>61,497</u>
Enhanced Assessment Grants	84.368	FY 07	<u>35,882</u>
Heartland Area Education Agency Special Education - Grants to States	84.027	FY 07	<u>260,214</u>
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Child Care Development Block Grant	93.575	FY 07	<u>3,930</u>
Total			<u><u>\$ 1,001,843</u></u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Johnston Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



**Van Maanen
& ASSOCIATES, P.C.**

Certified Public Accountants

705 Main St.
Pella, IA 50219
641-628-3737

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

To the Board of Education of
Johnston Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Johnston Community School District, Johnston, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated October 25, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We identified no deficiencies in internal control over financial reporting that we consider to be significant deficiencies and no deficiencies we consider to be material weaknesses.

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

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 Johnston Community School District's internal control.

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

Compliance and Other Matters

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

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

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

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

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

Van Maanen + Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

October 25, 2007

**Van Maanen
& ASSOCIATES, P.C.**

Certified Public Accountants

705 Main St.
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641-628-3737

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Johnston Community School District:

Compliance

We have audited the compliance of Johnston Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Johnston Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Johnston Community School District's management. Our responsibility is to express an opinion on Johnston Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Johnston Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Johnston Community School District's compliance with those requirements.

In our opinion, Johnston Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Johnston Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Johnston Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Johnston Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We identified no deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We noted no significant deficiency in internal control over compliance that we consider to be a material weakness.

Johnston Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Johnston Community School District's responses and, accordingly, we express no opinion on them.

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

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

October 25, 2007

JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2007

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
 - CFDA Number 84.027 - Special Education - Grants to States
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Johnston Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-07 Certified Budget - Expenditures for the year ended June 30, 2007, did not exceed the certified budget amounts.
- IV-B-07 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-07 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.
- IV-D-07 Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-07 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 ensure that coverage is adequate for current operations.
- IV-F-07 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-07 Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.
- IV-H-07 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.