



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

Contact: Andy Nielsen

FOR RELEASE June 20, 2008

515/281-5834

Auditor of State David A. Vaudt today released an audit report on Mid-Iowa School Improvement Consortium, Carlisle, Iowa for the year ended June 30, 2007.

The Mid-Iowa School Improvement Consortium (Consortium) was organized in 2004 as a non-profit corporation for charitable, education, religious or scientific purposes. The Consortium is a consortium of one hundred nine community school districts concerned with implementing and designing effective assessments to ensure improved student achievement. Carlisle Community School District provides financial services to Mid-Iowa School Improvement Consortium.

Vaudt reported Mid-Iowa School Improvement Consortium had total revenues of \$303,112 for the year ended June 30, 2007, a 10% increase over 2006. The revenues included \$239,873 from membership dues and \$40,759 from a contract reimbursement. Expenses totaled \$210,177, a 7% decrease from the prior year, and included \$94,395 for salaries and benefits, \$59,681 for educational consultant services and \$26,927 for travel. The decrease was due to the Consortium incurring scoring fees during the prior year for schools using pencil tests. Because the majority of schools have now gone to computerized testing, scoring services are no longer needed.

A copy of the audit report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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MID-IOWA SCHOOL IMPROVEMENT CONSORTIUM

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SCHEDULE OF FINDINGS**

JUNE 30, 2007

Table of Contents

	<u>Page</u>
Board of Directors	3
Independent Auditor's Report	5
Financial Statements:	<u>Exhibit</u>
Statement of Net Assets	A 8
Statement of Activities	B 9
Statement of Cash Flows	C 10
Notes to Financial Statements	11-13
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 <u>Government Auditing Standards</u>	17-18
Schedule of Findings	19
Staff	20

Mid-Iowa School Improvement Consortium

Board of Directors

<u>Name</u>	<u>Title</u>	<u>Representing</u>	<u>Term Expires</u>
Hope Bossard	Member	Region 1	June 30, 2009
Lance Ridgely	Member	Region 1	June 30, 2008
Cass Murra	Member	Region 2	June 30, 2009
Lisa Koester	Member	Region 2	June 30, 2008
Rod Montang	Member	Region 3	June 30, 2009
Laura Horan	Chairman	Region 3	June 30, 2007
Wayne Fleishman	Member	At-Large	Indefinite
Sue Z. Beers	Executive Director		June 30, 2008
Ethel Lee	Business Manager		June 30, 2007

Mid-Iowa School Improvement Consortium



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Independent Auditor's Report

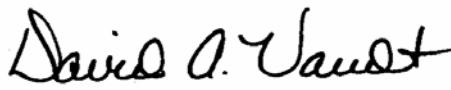
To the Board of Directors of
Mid-Iowa School Improvement Consortium:


We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of Mid-Iowa School Improvement Consortium, Carlisle, Iowa, as of and for the year ended June 30, 2007. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion 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 basic financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid-Iowa School Improvement Consortium at June 30, 2007, and the changes in its financial position and its cash flows 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 May 22, 2008 on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and 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.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 22, 2008

Mid-Iowa School Improvement Consortium

Financial Statements

Exhibit A

Mid-Iowa School Improvement Consortium

Statement of Net Assets

June 30, 2007

Assets	
Cash	\$ 70,372
Investments	418,572
Due from other governments	<u>4,879</u>
Total assets	<u><u>\$ 493,823</u></u>
Liabilities and Net Assets	
Liabilities:	
Accounts payable	\$ 3,362
Deferred revenue	<u>3,023</u>
Total liabilities	6,385
Net assets - unrestricted	<u>487,438</u>
Total liabilities and net assets	<u><u>\$ 493,823</u></u>

See notes to financial statements.

Mid-Iowa School Improvement Consortium

Statement of Activities

Year ended June 30, 2007

Revenues:	
Membership dues	\$ 239,873
Area Education Agency 267 contract reimbursement	40,759
Interest income	22,480
Total revenue	<u>303,112</u>
Expenses:	
Salaries and benefits	94,395
Educational consultant services	59,681
Professional fees	6,629
Communications	3,989
Supplies and materials	6,933
Travel	26,927
Dues and fees	4,023
Rent	3,600
Training	4,000
Total expenses	<u>210,177</u>
Change in net assets from operations	92,935
Net assets beginning of year	<u>394,503</u>
Net assets end of year	<u>\$ 487,438</u>

See notes to financial statements.

Exhibit C

Mid-Iowa School Improvement Consortium

Statement of Cash Flows

Year ended June 30, 2007

Cash flows from operating activities:	
Cash received from members	\$ 245,811
Cash received from Area Education Agency 267 contract reimbursement	40,759
Interest received	22,480
Cash paid to employees	(94,395)
Cash paid to vendors and suppliers	<u>(140,133)</u>
Net cash provided by operating activities	74,522
Cash flows from investing activities:	
Purchase of certificates of deposit	<u>(165,497)</u>
Net decrease in cash and cash equivalents	(90,975)
Cash and cash equivalents beginning of year	<u>161,347</u>
Cash and cash equivalents end of year	<u><u>\$ 70,372</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	<u>\$ 92,935</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in due from other governments	4,391
Decrease in prepaid expenses	2,000
Decrease in accounts payable	(26,351)
Increase in deferred revenue	<u>1,547</u>
Total adjustments	<u>(18,413)</u>
Net cash provided by operating activities	<u><u>\$ 74,522</u></u>

See notes to financial statements.

Mid-Iowa School Improvement Consortium

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

A. Reporting Entity

Mid-Iowa School Improvement Consortium (Consortium) consists of one hundred nine community school districts concerned with implementing and designing effective assessments to ensure improved student achievement. The Consortium is administered by a Board of Directors consisting of representatives from the member school districts. On July 1, 2004, the Consortium incorporated under the Iowa Non-Profit Corporation Act, Chapter 504A of the Code of Iowa.

The administrative offices of the Consortium have been located at the Carlisle Community School District (District), Carlisle, Iowa since formation. The District also provides financial services to the Consortium.

B. Fund Accounting

The Consortium accounts for all resources over which it has discretionary control to use in carrying out the operations of the organization in accordance with the limitations of its charter and bylaws.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses re recorded when the liability is incurred.

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Consortium and changes therein are classified and reported as followed:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets:

Cash, Investments and Cash Equivalents – The Consortium considers all short-term cash investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2007 include certificates of deposit of \$418,572.

Due from Other Governments – This represents membership dues due from member school districts.

(2) Cash and Investments

The Consortium's deposits at June 30, 2007 were covered by federal depository insurance at the maximum amount allowed.

The Consortium's investment policy authorizes the business manager to invest funds in excess of current needs in interest bearing savings, money market and checking accounts and certificates of deposit or other evidences of deposit at federally insured Iowa depository institutions approved by the Consortium.

(3) Deferred Revenue

Deferred revenue of \$3,023 consists of membership dues for the year ending June 30, 2008 received prior to June 30, 2007.

(4) Pension and Retirement Systems

The Consortium, through an administrative operations arrangement with Carlisle Community School 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 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 covered salary and the Consortium via 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 Consortium's contributions to IPERS through the Carlisle Community School District for the years ended June 30, 2007, 2006 and 2005 were \$4,214, \$3,349 and \$3,358, respectively, equal to the required contributions for each year.

(5) Risk Management

The Consortium 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Consortium assumes liability for any deductibles and claims in excess of coverage limitations.

Mid-Iowa School Improvement Consortium

**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**

Mid-Iowa School Improvement Consortium



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Government Auditing Standards

To the Board of Directors of
Mid-Iowa School Improvement Consortium:

We have audited the accompanying financial statements of Mid-Iowa School Improvement Consortium, Carlisle, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the Consortium's financial statements listed in the table of contents, and have issued our report thereon dated May 22, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 Mid-Iowa School Improvement Consortium'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 Mid-Iowa School Improvement Consortium's financial statements that is more than inconsequential will not be prevented or detected by Mid-Iowa School Improvement Consortium'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 Mid-Iowa School Improvement Consortium'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 over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether Mid-Iowa School Improvement Consortium'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 required to be reported under Government Auditing Standards.

Mid-Iowa School Improvement Consortium's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Consortium's responses, we did not audit Mid-Iowa School Improvement Consortium'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 members and customers of Mid-Iowa School Improvement Consortium and other parties to whom the Consortium may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Mid-Iowa School Improvement Consortium 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.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 22, 2008

Mid-Iowa School Improvement Consortium

Schedule of Findings

Year ended June 30, 2007

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (A) Financial Reporting – The Consortium did not prepare an initial listing of accounts payable to be recorded in the Consortium’s financial statements. An adjustment was subsequently made by the Consortium to properly include the amount in the financial statements.

Recommendation – The Consortium should implement procedures to ensure all payables are identified and included in the Consortium’s financial statements.

Response – The Business Manager will make sure that there is a list of payables prepared at year end.

Conclusion – Response accepted.

- (B) Disbursement Documentation – One credit card payment totaling \$256 was paid without detailed supporting documentation to support the charges. The Consortium’s adopted credit card policy states “employees and officers using a Consortium credit card must submit a detailed receipt in addition to a credit card receipt indicating the date, purpose, and nature of the expense for each claim item.”

Reimbursements totaling \$39 made to the Executive Director and \$79 made to other claimants did not include detailed receipts or other proper support. Although supporting documentation was not included, the disbursements appear to be valid Consortium expenses.

Also, parking charges of \$27 were reimbursed to the Executive Director for non-Consortium business purpose.

Recommendation – All disbursements should be supported with appropriate detailed documentation prior to disbursement. Also, all claims should be reviewed to ensure policies are followed and reimbursements are for Consortium business purposes only.

Response – The Business Manager has reviewed these issues with the Executive Director. She will make sure that all of the detail is included in the future for the credit card expenditures. The instance for the parking charges of \$27 will be deducted from the next claim the Executive Director submits. This was an oversight.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

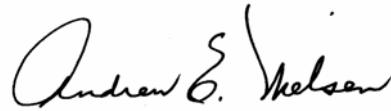
No matters were noted.

Mid-Iowa School Improvement Consortium

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager
Michelle L. Harris, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State