



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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Des Moines, Iowa 50319-0004

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NEWS RELEASE

Contact: Andy Nielsen

FOR RELEASE April 21, 2009

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, 2008.

Mid-Iowa School Improvement Consortium (Consortium) was organized in 2004 as a non-profit corporation for charitable, educational, religious or scientific purposes. The Consortium is a consortium of one hundred ten 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 \$269,505 for the year ended June 30, 2008, an 11% decrease from 2007. The revenues included \$204,921 from membership dues and \$40,408 from a contract reimbursement. Expenses totaled \$257,464, a 22% increase over the prior year, and included \$97,693 for salaries and benefits, \$86,943 for educational consultant services and \$35,377 for travel. The increase was due to the Consortium incurring additional charges due to more training seminars being offered, additional resources being provided and an increase in the number of members working on instructional ladders.

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, 2008

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Mid-Iowa School Improvement Consortium

Board of Directors

<u>Name</u>	<u>Title</u>	<u>Representing</u>	<u>Term Expires</u>
Lance Ridgely	President	Region 1	June 30, 2008
Hope Bossard	Vice-President	Region 1	June 30, 2009
Cass Murra	Secretary	Region 2	June 30, 2009
Tracy Morrison	Member	Region 2	June 30, 2008
Dan Mart	Member	Region 3	June 30, 2009
Karen Sandberg	Member	Region 3	June 30, 2010
Wayne Fleishman	Member	At-Large	Indefinite

Officials

Sue Z. Beers	Executive Director
Ethel Lee	Business Manager

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, 2008. 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 financial statement 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, 2008, 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 April 8, 2009 on our consideration of the Consortium'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.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 8, 2009

Mid-Iowa School Improvement Consortium

Financial Statements

Exhibit A

Mid-Iowa School Improvement Consortium

Statement of Net Assets

June 30, 2008

Assets	
Cash	\$ 99,078
Investments	420,326
Accrued interest	5,243
Due from other governments	6,413
Prepaid expenses	2,011
	<hr/>
Total assets	\$ 533,071
	<hr/> <hr/>
Liabilities and Net Assets	
Liabilities:	
Accounts payable	\$ 33,300
Deferred revenue	292
Total liabilities	<hr/> 33,592
Net assets - unrestricted	<hr/> 499,479
	<hr/>
Total liabilities and net assets	\$ 533,071
	<hr/> <hr/>

See notes to financial statements.

Mid-Iowa School Improvement Consortium

Statement of Activities

Year ended June 30, 2008

Operating revenues:	
Membership dues	\$ 204,921
Area Education Agency 267 contract reimbursement	40,408
Miscellaneous	200
Total operating revenue	<u>245,529</u>
Operating expenses:	
Salaries and benefits	97,693
Educational consultant services	86,943
Professional fees	9,747
Communications	6,052
Supplies and materials	6,387
Travel	35,377
Dues and fees	1,354
Rent and utilities	8,055
Training	5,856
Total operating expenses	<u>257,464</u>
Operating loss	(11,935)
Non-operating revenues:	
Interest income	<u>23,976</u>
Change in net assets	12,041
Net assets beginning of year	<u>487,438</u>
Net assets end of year	<u>\$ 499,479</u>

See notes to financial statements.

Mid-Iowa School Improvement Consortium

Statement of Cash Flows

Year ended June 30, 2008

Cash flows from operating activities:	
Cash received from members	\$ 200,656
Cash received from Area Education Agency 267 contract reimbursement	40,408
Cash received from other	200
Cash paid to employees	(90,374)
Cash paid to vendors and suppliers	(139,163)
Net cash provided by operating activities	<u>11,727</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	(416,149)
Redemption of certificates of deposit	414,395
Interest received	18,733
Net cash provided by investing activities	<u>16,979</u>
Net increase in cash and cash equivalents	28,706
Cash and cash equivalents beginning of year	<u>70,372</u>
Cash and cash equivalents end of year	<u><u>\$ 99,078</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	<u>\$ (11,935)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Increase in due from other governments	(1,534)
Increase in prepaid expenses	(2,011)
Increase in accounts payable	29,938
Decrease in deferred revenue	(2,731)
Total adjustments	<u>23,662</u>
Net cash provided by operating activities	<u><u>\$ 11,727</u></u>

See notes to financial statements.

Mid-Iowa School Improvement Consortium

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

A. Reporting Entity

Mid-Iowa School Improvement Consortium (Consortium) consists of one hundred ten 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 Consortium is exempt from tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for charitable, religious or educational purposes.

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 management 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 are 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 follows:

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, 2008 include certificates of deposit of \$420,326.

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

(2) Cash and Investments

The Consortium's deposits at June 30, 2008 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 \$292 consists of membership dues for the year ending June 30, 2009 received prior to June 30, 2008.

(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 3.90% of their annual covered salary and the Consortium via the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. 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, 2008, 2007 and 2006 were \$4,778, \$4,214 and \$3,349, 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 four 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, 2008, which collectively comprise the Consortium's financial statements listed in the table of contents, and have issued our report thereon dated April 8, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 a deficiency in internal control over financial reporting that we consider to be significant deficiency.

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

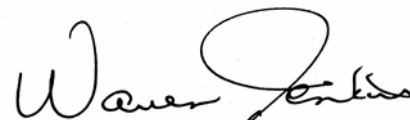
As part of obtaining reasonable assurance about whether Mid-Iowa School Improvement Consortium's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have 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 response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Consortium's response, we did not audit Mid-Iowa School Improvement Consortium's response and, accordingly, we express no opinion on it.

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

April 8, 2009

Mid-Iowa School Improvement Consortium

Schedule of Findings

Year ended June 30, 2008

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

- (A) Disbursement Documentation – Three credit card charges totaling \$176 were paid without detailed supporting documentation to support the charges. The Consortium’s adopted credit card policy states “employees and officers using a MISIC 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.”

Recommendation – All expenses should be supported with appropriate detailed supporting documentation prior to disbursement.

Response – The Business Manager will review this with the Board.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

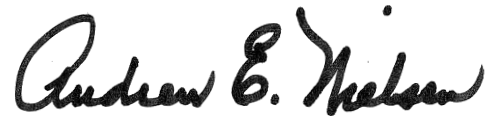
No matters were noted.

Mid-Iowa School Improvement Consortium

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
James R. Wittenwyler, Staff Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State