

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

June 30, 2008

## Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	15
Statement of Activities	B	16-17
Governmental Fund Financial Statements:		
Balance Sheet	C	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	19
Statement of Revenues, Expenditures and Changes in Fund Balances	E	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	22
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H	24
Statement of Cash Flows	I	25
Notes to Financial Statements		26-33
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		35
Notes to Required Supplementary Information - Budgetary Reporting		36
	<u>Schedule</u>	
Other Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	38
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	39
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	40
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	41
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>Governmental Auditing Standards</u>		42-43
Schedule of Findings and Responses		44-46



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Independent Auditor's Report

To the Board of Education of  
Anthon-Oto 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 Anthon-Oto Community School District, Anthon, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Anthon-Oto Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 21, 2009 on our consideration of Anthon-Oto Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 35 through 36 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 Anthon-Oto Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

April 21, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Anthon-Oto Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,569,391 in fiscal 2007 to \$3,449,984 in fiscal 2008, while General Fund expenditures decreased from \$3,520,915 in fiscal 2007 to \$3,492,970 in fiscal 2008. The District's General Fund balance decreased from \$785,140 in fiscal 2007 to \$744,223 in fiscal 2008, a 5% decrease.
- The main decrease in revenues was in the charges for services category. This would include our student fees, open enrollment and special education tuition. Property and other taxes were the other category of revenues that reduced significantly in 2008. The greatest increase in expenses came in the non-instructional programs expense. The reason for this increase is because there were not enough funds in the hot lunch account, therefore most of the hot lunch salaries and benefits were paid out of the general fund in 2008.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Anthon-Oto Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Anthon-Oto Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

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

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

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

**Figure A-1**  
**Anthony-Oto Community School District Annual Financial Report**

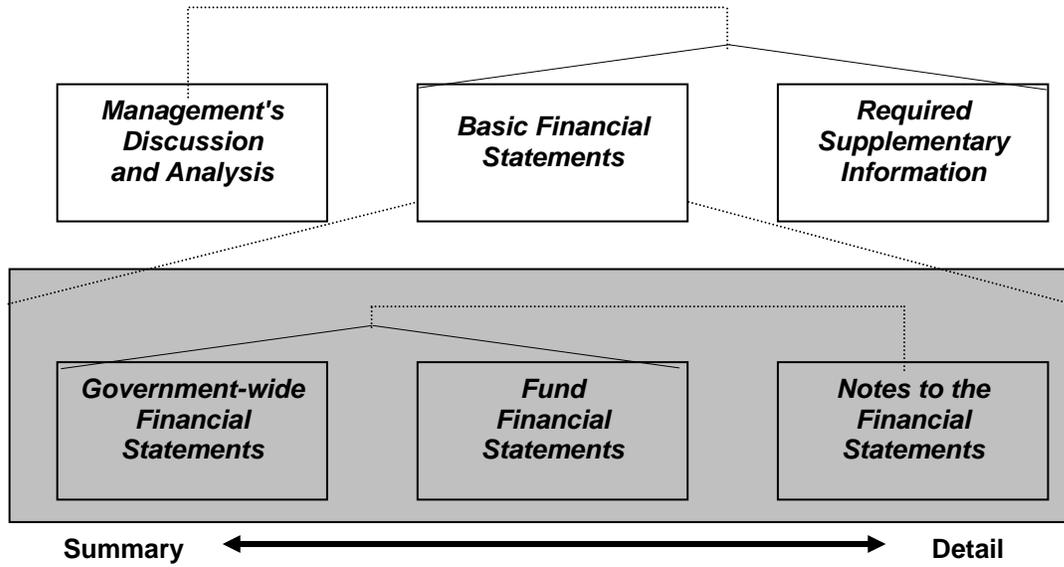


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

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

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

The District has two kinds of funds:

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2008-2007
	Governmental Activities		Business-type Activities		Total School District		
	2008	2007	2008	2007	2008	2007	
	\$	\$	\$	\$	\$	\$	
Current and other assets	3,018,662	3,125,709	9,303	(3,369)	3,027,965	3,122,340	-3%
Capital assets	2,167,900	2,132,333	8,478	11,804	2,176,378	2,144,137	2%
<b>Total assets</b>	<b>5,186,562</b>	<b>5,258,042</b>	<b>17,781</b>	<b>8,435</b>	<b>5,204,343</b>	<b>5,266,477</b>	<b>-1%</b>
Long-term liabilities	845,000	900,000	-	-	845,000	900,000	-6%
Other liabilities	1,531,643	1,547,331	1,490	1,234	1,533,133	1,548,565	-1%
<b>Total liabilities</b>	<b>2,376,643</b>	<b>2,447,331</b>	<b>1,490</b>	<b>1,234</b>	<b>2,378,133</b>	<b>2,448,565</b>	<b>-3%</b>
Net Assets:							
Invested in capital assets, net of related debt	1,322,900	1,232,333	8,478	11,804	1,331,378	1,244,137	7%
Restricted	757,782	734,400	-	-	757,782	734,400	3%
Unrestricted	729,237	843,978	7,813	(4,603)	737,050	839,375	-12%
<b>TOTAL NET ASSETS</b>	<b>2,809,919</b>	<b>2,810,711</b>	<b>16,291</b>	<b>7,201</b>	<b>2,826,210</b>	<b>2,817,912</b>	<b>&lt;1%</b>

The District's combined net assets increased by less than 1%, or approximately \$8,298, over the prior year.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$53,573 or 7% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$132,516, or 16%.

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

Figure A-4

	Change in Net Assets						Percentage Change 2008-2007
	Governmental Activities		Business-type Activities		Total School District		
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	
Revenues							
Program Revenues:							
Charges for services	860,062	964,082	46,437	47,130	906,499	1,011,212	-10%
Operating grants & contributions	464,501	375,019	85,246	71,617	549,747	446,636	23%
Capital grants & contributions	-	22,445	-	-	-	22,445	-100%
General Revenues:							
Property taxes	1,046,055	1,069,426	-	-	1,046,055	1,069,426	-2%
Income Surtax	66,574	120,486	-	-	66,574	120,486	-45%
Local option sales tax	217,351	229,140	-	-	217,351	229,140	-5%
Unrestricted state grants	1,094,049	1,109,034	-	-	1,094,049	1,109,034	-1%
Unrestricted investment earnings	52,291	53,694	77	1,098	52,368	54,792	-4%
Other revenue	6,785	16,637	-	-	6,785	16,637	-59%
<b>Total Revenues</b>	<b>3,807,668</b>	<b>3,959,963</b>	<b>131,760</b>	<b>119,845</b>	<b>3,939,428</b>	<b>4,079,808</b>	<b>-3%</b>
Expenses:							
Instruction	2,477,074	2,485,545	-	-	2,477,074	2,485,545	<-1%
Support services	994,435	979,307	-	-	994,434	979,307	2%
Non-instructional programs	39,755	2,921	122,670	166,337	162,425	169,258	-4%
Other expenditures	297,196	306,329	-	-	297,196	306,329	-3%
<b>Total expenses</b>	<b>3,808,460</b>	<b>3,774,102</b>	<b>122,670</b>	<b>166,337</b>	<b>3,931,130</b>	<b>3,940,439</b>	<b>&lt;-1%</b>
<b>Change in net assets before Transfers</b>	<b>(792)</b>	<b>185,861</b>	<b>9,090</b>	<b>(46,492)</b>	<b>8,298</b>	<b>139,369</b>	<b>-94%</b>
Transfers	-	-	-	-	-	-	0%
<b>CHANGE IN NET ASSETS</b>	<b>(792)</b>	<b>185,861</b>	<b>9,090</b>	<b>(46,492)</b>	<b>8,298</b>	<b>139,369</b>	<b>-94%</b>
Net assets beginning of year	2,810,711	2,624,850	7,201	53,693	2,817,912	2,678,543	5%
Net assets end of year	<u>2,809,919</u>	<u>2,810,711</u>	<u>16,291</u>	<u>7,201</u>	<u>2,826,210</u>	<u>2,817,912</u>	<u>&lt;1%</u>

Property taxes and unrestricted state grants are the largest revenue categories, accounting for 54% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 88% of the total expenses.

## Governmental Activities

Revenues for governmental activities were \$3,807,668 and expenses were \$3,808,460. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5

### Total and Net Cost of Governmental Activities

	<b>Total Cost of Services 2008</b>	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2008</b>	<b>Net Cost of Services 2007</b>
	\$	\$	\$	\$
Instruction	2,477,074	2,485,545	1,292,808	1,329,034
Support Services	994,435	979,307	951,111	912,537
Non-instructional Programs	39,755	2,921	39,755	2,921
Other Expenses	297,196	306,329	200,223	168,064
<b>TOTAL</b>	<b>3,808,460</b>	<b>3,774,102</b>	<b>2,483,897</b>	<b>2,412,556</b>

- The cost financed by users of the District's programs was \$860,062;
- Federal and state governments subsidized certain programs with grants and contributions totaling \$464,501.
- The net cost of governmental activities was financed with \$1,329,980 in property and other taxes and \$1,094,049 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities were \$131,760 and expenses were \$122,670. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2008, the District had \$9,090 more revenues than expenses. The main reason for this is because many of the hot lunch salaries and benefits were paid out of the General Fund in 2008, due to not enough funds in the Hot Lunch Fund to cover these expenses. The District raised lunch prices for Fiscal Year 2008 and again for Fiscal Year 2009 in hopes of balancing revenues and expenses better. Increases in food and freight prices along with salaries and benefits make this a continuing challenge.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Anthon-Oto Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,444,288, 3% below last year's ending fund balances of \$1,495,659.

## **Governmental Fund Highlights**

- The General Fund balance decreased from \$785,140 to \$744,223. This represents a decrease of \$40,917 or 5%.
- The Local Option Sales Tax Fund balance decreased from \$472,865 in 2007 to \$399,737 in 2008, representing a decrease of \$72,948, or 15%. New Middle School Lockers and computers for the Middle School computer lab were purchased from this Fund in 2008, causing the decrease in Fund balance.

## **Proprietary Fund Highlights**

School Nutrition Fund net assets increased from \$7,201 at June 30, 2007 to \$16,291 at June 30, 2008, representing an increase of approximately 126%. This increase is very deceiving. Many of the Hot Lunch department's salary and benefits were paid out of the General Fund in 2008 because there were not enough funds in the School Nutrition Fund. By doing this, the School Nutrition Funds expenses were decreased by approximately 35% in 2008. These expenses were still incurred, however, and they were just paid out of a different fund. Salaries and benefits make up approximately 42% of this fund's expenses. Again, the district has raised hot lunch prices in Fiscal Year 2008 and will again in Fiscal Year 2009 in an attempt to help offset the increasing expenses.

## **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. This is referred to as the certified budget. The budget is certified with the County Auditor and Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures.

The District went over budget in the support services function area. This was a result of unexpected expenses caused by needing additional associates throughout the year in order to meet the needs of our students.

The other level of budgetary control is the "unspent (maximum) authorized budget" and pertains only to the general fund of the District. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash". It is imperative for users of District financial information to make this important distinction. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the district.

The Anthon-Oto District's unspent balance is extremely overstated. The reason for this is several years ago, the Board at that time chose not to tax for the District's full authority. This resulted in the unspent balance increasing, however, the district did not collect the cash to back up that authority. Therefore, our unspent balance is a lot higher than our actual cash carryover. The cash for this authority was never collected, and we cannot go back to collect it in the future. Therefore, our unspent balance really gives us an unrealistic view of our financial position.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2008, the District had invested approximately \$2,176,378, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 2% from last year. The main increase in our capital assets was in our equipment and furniture category. Major items purchased in this category in Fiscal Year 2008 include new Middle School lockers, a hot water heater, two vans, a bus, computers, and a door buzzer and surveillance system. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$168,758.

Figure A-6

**Capital Assets (net of depreciation)**

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2008-2007
	2008	2007	2008	2007	2008	2007	
	\$	\$	\$	\$	\$	\$	
Land	10,000	10,000	-	-	10,000	10,000	0%
Buildings	1,860,533	1,970,844	-	-	1,860,533	1,970,844	-5%
Improvements	15,073	16,169	-	-	15,073	16,169	-7%
Equipment & Furniture	282,294	135,318	8,478	11,804	290,772	147,122	98%
<b>TOTAL</b>	<b>2,167,900</b>	<b>2,132,331</b>	<b>8,478</b>	<b>11,804</b>	<b>2,176,378</b>	<b>2,144,135</b>	<b>2%</b>

**Long-Term Debt**

At June 30, 2008, the District had \$845,000 in long-term debt outstanding.

**Figure A-7  
Outstanding Long-Term Obligations**

	Total School District		Percentage Change 2008-2007
	2008	2007	
	\$	\$	
Local Option Sales and Services			
Tax Revenue Bonds	845,000	900,000	-6%

**ECONOMIC FACTORS BEARING ON THE DISTRICT’S FUTURE**

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

- Woodbury County one-cent sales tax was renewed in 2008. Our district changed the ballot language to allow use of one-cent sales tax revenues to fund vehicle purchases. This will help our district by allowing some relief for General Fund Expenditures.
- The District borrowed against our future one-cent sales tax revenue to help pay for the major HVAC renovation in the 2006-2007 school year. We started repaying those funds in 2006-2007, and this liability will continue through the 2019-2020 Fiscal Year.
- Legislation was passed allowing additional funding and property tax relief for Whole Grade Sharing Districts to entice them to consolidate. We are currently receiving sharing dollars for researching these opportunities. If the district passes a consolidation vote, the newly formed district will receive three more years of these sharing dollars. Our district patrons will also receive three years of property tax relief. If the district does not pass a consolidation vote we will no longer receive these sharing dollars in the 2010-2011 school year and may have to look at making cuts to absorb the decrease in our revenues.

## **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 Shona Klingensmith, Board Secretary/Treasurer and Business Manager, Anthon-Oto Community School District, 110 W. Division St., Anthon, IA 51004.

## BASIC FINANCIAL STATEMENTS

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2008

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents:			
Other	937,395	162	937,557
Cash with fiscal agent	191,335	-	191,335
Receivables:			
Property tax:			
Delinquent	23,600	-	23,600
Succeeding year	1,147,167	-	1,147,167
Accounts	-	682	682
Accrued interest	1,103	-	1,103
Due from other governments	718,062	4,650	722,712
Inventories	-	3,809	3,809
Capital assets, net of accumulated depreciation	2,167,900	8,478	2,176,378
<b>Total assets</b>	<b>5,186,562</b>	<b>17,781</b>	<b>5,204,343</b>
<b>Liabilities</b>			
Accounts payable	319,917	-	319,917
Salaries and benefits payable	55,674	-	55,674
Accrued interest payable	8,885	-	8,885
Deferred revenue:			
Succeeding year property tax	1,147,167	-	1,147,167
Other	-	1,490	1,490
Long-term liabilities :			
Portion due within one year:			
Revenue bonds payable	75,000	-	75,000
Portion due after one year:			
Revenue bonds payable	770,000	-	770,000
<b>Total liabilities</b>	<b>2,376,643</b>	<b>1,490</b>	<b>2,378,133</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	1,322,900	8,478	1,331,378
Restricted for:			
State categorical aid	66,602	-	66,602
Management levy	238,593	-	238,593
Physical plant and equipment levy	50,819	-	50,819
Other special revenue purposes	10,916	-	10,916
Debt service	182,450	-	182,450
Local option sales tax capital projects	208,402	-	208,402
Unrestricted	729,237	7,813	737,050
<b>Total net assets</b>	<b>2,809,919</b>	<b>16,291</b>	<b>2,826,210</b>

See notes to financial statements.

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2008

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Instruction:				
Regular instruction	1,683,563	635,764	301,160	-
Special instruction	596,685	156,945	28,854	-
Other instruction	196,826	25,239	36,304	-
	<u>2,477,074</u>	<u>817,948</u>	<u>366,318</u>	<u>-</u>
Support services:				
Student services	49,544	-	-	-
Instructional staff services	48,156	-	-	-
Administration services	329,864	36,012	-	-
Operation and maintenance of plant services	319,963	-	-	-
Transportation services	246,908	6,102	1,210	-
	<u>994,435</u>	<u>42,114</u>	<u>1,210</u>	<u>-</u>
Non-instructional programs	<u>39,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	39,675	-	-	-
Long-term debt interest	36,062	-	-	-
AEA flowthrough	96,973	-	96,973	-
Depreciation (unallocated)*	124,486	-	-	-
	<u>297,196</u>	<u>-</u>	<u>96,973</u>	<u>-</u>
Total governmental activities	3,808,460	860,062	464,501	-
<b>Business type activities:</b>				
Non-instructional programs:				
Food service operations	<u>122,670</u>	<u>46,437</u>	<u>85,246</u>	<u>-</u>
Total	<u>3,931,130</u>	<u>906,499</u>	<u>549,747</u>	<u>-</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Capital outlay				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

**Change in net assets**

Net assets beginning of year

Net assets end of year

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

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2008

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Governmental Activities	Business Type Activities	Total
\$	\$	\$
(746,639)	-	(746,639)
(410,886)	-	(410,886)
(135,283)	-	(135,283)
<u>(1,292,808)</u>	<u>-</u>	<u>(1,292,808)</u>
(49,544)	-	(49,544)
(48,156)	-	(48,156)
(293,852)	-	(293,852)
(319,963)	-	(319,963)
(239,596)	-	(239,596)
<u>(951,111)</u>	<u>-</u>	<u>(951,111)</u>
(39,755)	-	(39,755)
(39,675)	-	(39,675)
(36,062)	-	(36,062)
-	-	-
(124,486)	-	(124,486)
<u>(200,223)</u>	<u>-</u>	<u>(200,223)</u>
(2,483,897)	-	(2,483,897)
-	9,013	9,013
<u>(2,483,897)</u>	<u>9,013</u>	<u>(2,474,884)</u>
1,020,784	-	1,020,784
25,271	-	25,271
66,574	-	66,574
217,351	-	217,351
1,094,049	-	1,094,049
52,291	77	52,368
6,785	-	6,785
<u>2,483,105</u>	<u>77</u>	<u>2,483,182</u>
(792)	9,090	8,298
<u>2,810,711</u>	<u>7,201</u>	<u>2,817,912</u>
<u>2,809,919</u>	<u>16,291</u>	<u>2,826,210</u>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2008

	General Fund	Capital Projects (LOST)	Management Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash and pooled investments:					
Other	448,038	191,855	236,337	61,165	937,395
Cash with fiscal agent	-	191,335	-	-	191,335
Receivables:					
Property tax:					
Delinquent	20,774	-	2,256	570	23,600
Succeeding year	970,224	-	150,000	26,943	1,147,167
Accrued interest	1,103	-	-	-	1,103
Due from other governments	701,515	16,547	-	-	718,062
<b>Total assets</b>	<b>2,141,654</b>	<b>399,737</b>	<b>388,593</b>	<b>88,678</b>	<b>3,018,662</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	319,917	-	-	-	319,917
Salaries and benefits payable	55,674	-	-	-	55,674
Deferred revenue:					
Succeeding year property tax	970,224	-	150,000	26,943	1,147,167
Other	51,616	-	-	-	51,616
Total liabilities	1,397,431	-	150,000	26,943	1,574,374
Fund balances:					
Reserved for:					
Debt service	-	191,335	-	-	191,335
State categorical aid	66,602	-	-	-	66,602
Unreserved, reported in:					
General fund	677,621	-	-	-	677,621
Special revenue funds	-	-	238,593	61,735	300,328
Capital project funds	-	208,402	-	-	208,402
Total fund balances	744,223	399,737	238,593	61,735	1,444,288
<b>Total liabilities and fund balances</b>	<b>2,141,654</b>	<b>399,737</b>	<b>388,593</b>	<b>88,678</b>	<b>3,018,662</b>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

June 30, 2008

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	1,444,288
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	2,167,900
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	51,616
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.	(8,885)
Long-term liabilities for revenue bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(845,000)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>2,809,919</u></u>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	General Fund	Capital Projects (LOST)	Management Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,027,868	217,351	100,001	25,271	1,370,491
Tuition	735,991	-	-	-	735,991
Other	130,131	14,882	10,509	25,557	181,079
State sources	1,440,753	-	-	-	1,440,753
Federal sources	115,241	-	-	2,555	117,796
Total revenues	<u>3,449,984</u>	<u>232,233</u>	<u>110,510</u>	<u>53,383</u>	<u>3,846,110</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,695,104	-	1,562	-	1,696,666
Special	596,685	-	-	-	596,685
Other	165,740	-	-	31,086	196,826
	<u>2,457,529</u>	<u>-</u>	<u>1,562</u>	<u>31,086</u>	<u>2,490,177</u>
Support services:					
Student	49,351	-	193	-	49,544
Instructional staff	48,156	-	-	-	48,156
Administration	325,486	-	4,378	-	329,864
Operation and maintenance of plant	272,836	26,826	18,199	-	317,861
Transportation	206,391	108,895	9,320	-	324,606
	<u>902,220</u>	<u>135,721</u>	<u>32,090</u>	<u>-</u>	<u>1,070,031</u>
Non-instructional programs	<u>36,248</u>	<u>-</u>	<u>3,507</u>	<u>-</u>	<u>39,755</u>
Other expenditures:					
Facilities acquisition	-	78,055	-	32,974	111,029
Long-term debt:					
Principal	-	-	-	55,000	55,000
Interest and fiscal charges	-	-	-	36,585	36,585
AEA flowthrough	96,973	-	-	-	96,973
	<u>96,973</u>	<u>78,055</u>	<u>-</u>	<u>124,559</u>	<u>299,587</u>
Total expenditures	<u>3,492,970</u>	<u>213,776</u>	<u>37,159</u>	<u>155,645</u>	<u>3,899,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,986)</u>	<u>18,457</u>	<u>73,351</u>	<u>(102,262)</u>	<u>(53,440)</u>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	General Fund	Capital Projects (LOST)	Management Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Compensation for loss of fixed assets	1,319	-	-	-	1,319
Sales of materials and equipment	750	-	-	-	750
Operating transfers in	-	-	-	91,585	91,585
Operating transfers out	-	(91,585)	-	-	(91,585)
Total other financing sources (uses)	<u>2,069</u>	<u>(91,585)</u>	<u>-</u>	<u>91,585</u>	<u>2,069</u>
Net change in fund balances	(40,917)	(73,128)	73,351	(10,677)	(51,371)
Fund balances beginning of year	<u>785,140</u>	<u>472,865</u>	<u>165,242</u>	<u>72,412</u>	<u>1,495,659</u>
Fund balances end of year	<u><u>744,223</u></u>	<u><u>399,737</u></u>	<u><u>238,593</u></u>	<u><u>61,735</u></u>	<u><u>1,444,288</u></u>

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		(51,371)

**Amounts reported for governmental activities in the  
Statement of Activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	200,999	
Depreciation expense	<u>(165,432)</u>	35,567

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		(40,511)
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Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		55,000
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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.		<u>523</u>
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<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>(792)</u></u>
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## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Fund

June 30, 2008

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Cash and cash equivalents	162
Accounts receivable	682
Due from other governments	4,650
Inventories	3,809
Capital assets, net of accumulated depreciation	<u>8,478</u>
<b>Total assets</b>	<u>17,781</u>
<b>Liabilities</b>	
Deferred revenue	<u>1,490</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	8,478
Unrestricted	<u>7,813</u>
<b>Total net assets</b>	<u><u>16,291</u></u>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2008

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>46,437</u>
Operating expenses:	
Non-instructional programs:	
Salaries	28,778
Benefits	5,412
Purchased services	1,930
Supplies	83,224
Depreciation	3,326
Total operating expenses	<u>122,670</u>
Operating gain (loss)	<u>(76,233)</u>
Non-operating revenues:	
State sources	1,610
Federal sources	83,636
Interest income	77
Total non-operating revenues	<u>85,323</u>
Net income (loss)	9,090
Net assets beginning of year	<u>7,201</u>
Net assets end of year	<u><u>16,291</u></u>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2008

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	46,263
Cash payments to employees for services	(34,190)
Cash payments to suppliers for goods or services	(75,600)
Net cash used by operating activities	<u>(63,527)</u>
Cash flows from non-capital financing activities:	
Loan from (repaid to) General Fund	(8,098)
State grants received	1,610
Federal grants received	69,954
Net cash provided by non-capital financing activities	<u>63,466</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>77</u>
Net increase (decrease) in cash and cash equivalents	16
Cash and cash equivalents at beginning of year	<u>146</u>
Cash and cash equivalents at end of year	<u><u>162</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating gain (loss)	(76,233)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	9,032
Depreciation	3,326
Decrease (increase) in inventories	522
Decrease (increase) in accounts receivable	(430)
(Decrease) increase in deferred revenue	256
Net cash used by operating activities	<u><u>(63,527)</u></u>

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

During the year ended June 30, 2008, the District received \$9,032 of federal commodities.

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

Year ended June 30, 2008

**1. Summary of Significant Accounting Policies**

Anthon-Oto Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Anthon and Oto, Iowa and the predominately agricultural territory in a portion of Woodbury 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, Anthon-Oto Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Anthon-Oto Community School District has no component units that 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 County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

The District reports the following major governmental funds:

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

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

The Management Fund is a special revenue fund that is used to account for the revenues from and expenditures of the management property tax levy.

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

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

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated

absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	500
Buildings	5,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives</u>
Buildings	50 years
Improvements other than buildings	5-20 years
Furniture and equipment	3-10 years

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

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

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

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

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

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

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

E. Budgeting and Budgetary Control

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

**2. Cash and Pooled Investments**

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The District has the following investments in government securities invested with a fiscal agent at June 30, 2008.

	<u>Fair Value</u>
	\$
Goldman Sachs Financial Square Treasury Obligations Fund	191,335

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
	\$
Diversified Portfolio	586,805

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

Credit risk: The investments in the Iowa Schools Joint Investment Trust and Goldman Sack Financial Square Treasury Obligation Fund were rated Aaa by Moody's Investors Service.

### 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer To	Transfer From	Amount \$
Nonmajor Governmental – Debt Service Fund	Capital Projects Fund	91,585

This transfer moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

### 4. Capital Assets

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

	Balance Beginning of Year \$	Increases \$	Decreases \$	Balance End of Year \$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	10,000	-	-	10,000
Capital assets being depreciated:				
Buildings	3,061,613	12,224	-	3,073,837
Improvements other than buildings	188,232	-	-	188,232
Furniture and equipment	643,004	188,775	43,689	788,090
Total capital assets being deprec.	3,892,849	200,999	43,689	4,050,159
Less accumulated depreciation for:				
Buildings	1,090,769	122,535	-	1,213,304
Improvements other than buildings	172,063	1,096	-	173,159
Furniture and equipment	507,684	41,801	43,689	505,796
Total accumulated depreciation	1,770,516	165,432	43,689	1,892,259
Total capital assets being depreciated, net	2,122,333	35,567	-	2,157,900
Governmental activities capital assets, net	2,132,333	35,567	-	2,167,900
<b>Business type activities:</b>				
Furniture and equipment	77,608	-	-	77,608
Less accumulated depreciation	65,804	3,326	-	69,130
Business type activities capital assets, net	11,804	(3,326)	-	8,478

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	7,647
Support services:	
Operation and maintenance of plant services	2,102
Transportation	31,197
	40,946
Unallocated depreciation	124,486
	165,432
Business type activities:	
Food services operations	3,326

## 5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Revenue bonds	900,000	-	55,000	845,000	75,000

### Revenue Bonds Payable

Details of the District's June 30, 2008 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July, 2006			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2009	3.90	75,000	34,078	109,078
2010	4.00	65,000	31,316	96,316
2011	4.05	65,000	28,699	93,699
2012	4.10	70,000	25,947	95,947
2013	4.15	70,000	23,060	93,060
2014-2018	4.20-4.40	410,000	65,838	475,838
2019	4.40	90,000	1,980	91,980
		845,000	210,918	1,055,918

The District has pledged future local option sales and services tax revenues to repay the \$900,000 bonds issued in July 2006. The bonds were issued for the purpose of financing a portion of the costs of a new HVAC system. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2019. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$1,055,918. For the current year, \$55,000 principal and \$36,585 interest were paid on the bonds and total local option sales and services tax revenues were \$217,351.

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

- The bonds will only be redeemed from the future earnings of the local option sales tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- \$90,000 of the proceeds from the bond issue have been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Local Option Sales Tax Capital Projects Fund.
- Proceeds from the local option sales and services tax shall be placed in a revenue account with a trustee. The trustee will make monthly transfers from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund at the end of a quarter may be used for any lawful purpose for which the local option sales tax may be used or may be used to redeem the bonds in accordance with their terms. The sinking fund is part of the Local Option Sales Tax Capital Projects Fund.

## **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 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$93,618, \$88,264, and \$78,973 respectively, equal to the required contributions for each year.

## **7. Risk Management**

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

## **8. 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 \$96,973 for the year ended June 30, 2008, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	2,287,561	46,514	2,334,075	2,758,917	2,758,917	(424,842)
State sources	1,440,753	1,610	1,442,363	1,381,208	1,381,208	61,155
Federal sources	117,796	83,636	201,432	217,000	217,000	(15,568)
Total revenues	<u>3,846,110</u>	<u>131,760</u>	<u>3,977,870</u>	<u>4,357,125</u>	<u>4,357,125</u>	<u>(379,255)</u>
Expenditures/Expenses:						
Instruction	2,490,177	-	2,490,177	4,099,126	4,099,126	1,608,949
Support services	1,070,031	-	1,070,031	949,370	949,370	(120,661)
Non-instructional programs	39,755	122,670	162,425	198,093	198,093	35,668
Other expenditures	299,587	-	299,587	586,353	586,353	286,766
Total expenditures/expenses	<u>3,899,550</u>	<u>122,670</u>	<u>4,022,220</u>	<u>5,832,942</u>	<u>5,832,942</u>	<u>1,810,722</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(53,440)	9,090	(44,350)	(1,475,817)	(1,475,817)	1,431,467
Other financing sources, net	<u>2,069</u>	<u>-</u>	<u>2,069</u>	<u>-</u>	<u>-</u>	<u>2,069</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(51,371)	9,090	(42,281)	(1,475,817)	(1,475,817)	1,433,536
Balance beginning of year	<u>1,495,659</u>	<u>7,201</u>	<u>1,502,860</u>	<u>1,475,817</u>	<u>1,475,817</u>	<u>27,043</u>
Balance end of year	<u><u>1,444,288</u></u>	<u><u>16,291</u></u>	<u><u>1,460,579</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,460,579</u></u>

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2008

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by the fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend the budget.

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

OTHER SUPPLEMENTARY INFORMATION

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2008

	Special Revenue Funds		
	Student Activity Fund	Physical Plant and Equipment Levy	Total
<b>Assets</b>	\$	\$	\$
Cash and pooled investments	10,916	50,249	61,165
Receivables:			
Property tax:			
Delinquent	-	570	570
Succeeding year	-	26,943	26,943
	<u>10,916</u>	<u>77,762</u>	<u>88,678</u>
<b>Total assets</b>	<b><u>10,916</u></b>	<b><u>77,762</u></b>	<b><u>88,678</u></b>
<b>Liabilities &amp; Fund Balances</b>			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	-	26,943	26,943
Fund balances:			
Unreserved fund balance reported in:			
Special revenue funds	10,916	50,819	61,735
	<u>10,916</u>	<u>77,762</u>	<u>88,678</u>
<b>Total liabilities and fund balances</b>	<b><u>10,916</u></b>	<b><u>77,762</u></b>	<b><u>88,678</u></b>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	Special Revenue Funds			Total
	Student Activity Fund	Physical Plant and Equipment Levy	Debt Service	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	-	25,271	-	25,271
Other	24,137	1,420	-	25,557
Federal sources	-	2,555	-	2,555
Total revenues	<u>24,137</u>	<u>29,246</u>	<u>-</u>	<u>53,383</u>
Expenditures:				
Current:				
Instruction:				
Other instruction	31,086	-	-	31,086
Other expenditures:				
Facilities acquisition	-	32,974	-	32,974
Long-term debt:				
Principal	-	-	55,000	55,000
Interest and fiscal charges	-	-	36,585	36,585
Total expenditures	<u>31,086</u>	<u>32,974</u>	<u>91,585</u>	<u>155,645</u>
Excess (deficiency) of revenues over (under) expenditures	(6,949)	(3,728)	(91,585)	(102,262)
Other financing sources (uses):				
Operating transfers in	-	-	91,585	91,585
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(6,949)	(3,728)	-	(10,677)
Fund balances beginning of year	<u>17,865</u>	<u>54,547</u>	<u>-</u>	<u>72,412</u>
Fund balances end of year	<u>10,916</u>	<u>50,819</u>	<u>-</u>	<u>61,735</u>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2008

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Swing choir	757	271	639	389
Instrumental	1,072	5,630	6,014	688
Junior high activity	6,579	17,735	23,940	374
Res for activity athletic director	1,960	250	400	1,810
Student council	181	-	-	181
Elementary activities	7,316	251	93	7,474
	<u>17,865</u>	<u>24,137</u>	<u>31,086</u>	<u>10,916</u>
Totals	<u>17,865</u>	<u>24,137</u>	<u>31,086</u>	<u>10,916</u>

## ANTHON-OTO COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2008	2007	2006	2005
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,370,491	1,408,422	1,279,473	1,227,086
Tuition	735,991	855,075	1,299,271	702,991
Other	181,079	201,345	152,339	123,932
State sources	1,440,753	1,343,195	1,390,175	1,228,711
Federal sources	117,796	141,296	128,848	130,233
Total revenues	<u>3,846,110</u>	<u>3,949,333</u>	<u>4,250,106</u>	<u>3,412,953</u>
Expenditures:				
Instruction:				
Regular instruction	1,696,666	1,789,081	2,071,862	1,648,378
Special instruction	596,685	524,570	434,832	510,793
Other instruction	196,826	170,018	184,081	66,749
Support services:				
Student services	49,544	46,774	33,804	30,824
Instructional staff services	48,156	45,514	313,912	98,295
Administration services	329,864	358,870	312,796	320,174
Operation and maintenance of plant services	317,861	283,389	241,076	206,743
Transportation services	324,606	285,770	225,938	173,016
Non-instructional programs	39,755	2,921	885	3,348
Other expenditures:				
Facilities acquisition	111,029	1,431,902	146,444	27,695
Long-term debt:				
Principal	55,000	-	-	-
Interest and other charges	36,585	28,223	-	-
AEA flowthrough	96,973	93,813	91,809	87,133
Total expenditures	<u>3,899,550</u>	<u>5,060,845</u>	<u>4,057,439</u>	<u>3,173,148</u>

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

To the Board of Education of  
Anthon-Oto 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 Anthon-Oto Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 21, 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 Anthon-Oto 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 Anthon-Oto Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Anthon-Oto Community School District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Anthon-Oto 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 Anthon-Oto Community School District's financial statements that is more than inconsequential will not be prevented or detected by Anthon-Oto Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

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

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

#### Compliance and Other Matters

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

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

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

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

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

April 21, 2009

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2008

Part I: Findings Related to the Financial Statements:

Significant deficiencies:

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

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

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

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

08-I-C Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The board secretary, the other co-signer or the checks has access to the stamp. This practice negates the internal control procedure established by requiring two signatures on a check.

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2008

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

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

ANTHON-OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2008

Part II: Other Findings Related to Statutory Reporting:

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

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

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

Conclusion: Response accepted.

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

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

08-II-D Business Transactions: We noted no transactions between the District and District officials or employees.

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

08-II-F Board Minutes: We noted no transactions requiring board approval that had not been approved by the board.

08-II-G Certified Enrollment: We noted no variances in the basic enrollment data certified to the Department of Education.

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

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

08-II-J Reclassification of Student Activity Fund Accounts: The Student Activity Fund is to be used to account for the District's extracurricular student activity program. We noted accounts in the Student Activity Fund that may belong more appropriately in other funds.

Recommendation: We recommend these be reviewed and transferred to the proper fund.

District Response: We will review the accounts and make any necessary adjustments.

Conclusion: Response accepted.