

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

Akron, Iowa

Independent Auditor's Reports
Basic Financial Statements and Supplemental Information
Schedule of Findings

June 30, 2009

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

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AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

OFFICIALS

JUNE 30, 2009

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>BOARD OF EDUCATION</u> (Before September 2008 Election)		
Jim Black	President	2010
Kirk Banks	Vice President	2008
Phil Parks	Board Member	2009
Josh Martinsen	Board Member	2009
Janet Willer	Board Member	2008
Kevin DeRocher	Board Member	2009
Roger Oetken	Board Member	2008
<u>BOARD OF EDUCATION</u> (After September 2008 Election)		
Jim Black	President	2010
Roger Oetken	Vice President	2011
Phil Parks	Board Member	2009
Josh Martinsen	Board Member	2009
Janet Willer	Board Member	2009
Kevin DeRocher	Board Member	2009
Deb Jordt	Board Member	2011
<u>SCHOOL OFFICIALS</u>		
Ron Flynn	Superintendent	2009
Jodi Thompson	Board Secretary/Business Manager	2009
James Hanks	Attorney	Indefinite



KING, REINSCH, PROSSER & CO., L.L.P.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Akron-Westfield 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 Akron-Westfield Community School District (the District), Akron, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the District at June 30, 2009 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 November 10, 2009, on our consideration of the 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.



KING, REINSCH, PROSSER & CO., L.L.P.
Certified Public Accountants

To the Board of Education of
Akron-Westfield Community School District

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 38 and 39 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 the District's basic financial statements. Other supplementary information included in Schedules 1 through 5 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.

November 10, 2009
Sioux City, Iowa

King, Reinsch, Prosser & Co., L.L.P.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Akron-Westfield Community School District (the 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, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 Financial Highlights

General fund revenues increased from \$5,182,672 in fiscal 2008 to \$5,489,624 in fiscal 2009, while general fund expenditures increased from \$5,162,781 in fiscal 2008 to \$5,351,947 in fiscal 2009. The District's General Fund Balance increased from \$796,552 in fiscal 2008 to \$929,229 in fiscal 2009, a 16.65% increase.

The increase in the General fund balance is attributable to cost saving measures implemented by the District for fiscal year 2009, such as an overall effect to reduce all District purchases and an effort to replace higher salaried individuals who have left the District with those at a lower annual cost.

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 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 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 non-major Special Revenue Funds and Capital Project Funds.

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

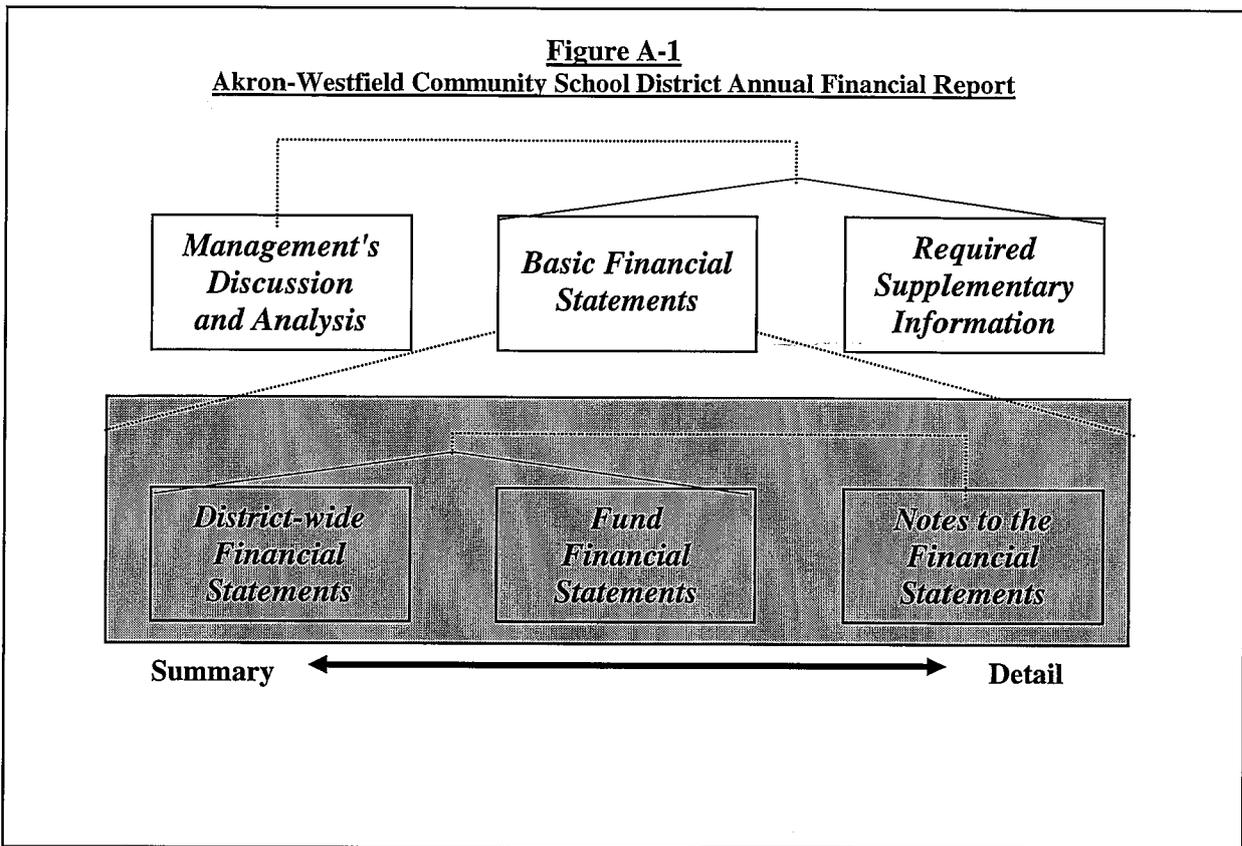


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

Reporting The District's Financial Activities

Government-Wide Financial Statements - The government-wide financial statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

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

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

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

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

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

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

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

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

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

- 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.

- 3) Fiduciary funds: Fiduciary funds are custodial in nature and are used to account for funds held by the District on behalf of someone else. The District's agency funds include the athletic boosters account and the employee flex account.

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net assets at June 30, 2009

Figure A-3
Condensed Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		<u>Total % Change</u>
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	
Current and other assets	\$ 4,569,043	\$ 4,970,415	\$ 20,127	\$ 33,611	\$ 4,589,170	\$ 5,004,026	9.04%
Capital assets	<u>3,759,631</u>	<u>3,839,980</u>	<u>13,616</u>	<u>20,901</u>	<u>3,773,247</u>	<u>3,860,881</u>	2.32%
Total assets	<u>\$ 8,328,674</u>	<u>\$ 8,810,395</u>	<u>\$ 33,743</u>	<u>\$ 54,512</u>	<u>\$ 8,362,417</u>	<u>\$ 8,864,907</u>	6.00%
Long-term debt outstanding	\$ 1,507,663	\$ 1,237,536	\$ -	\$ -	\$ 1,507,663	\$ 1,237,536	-17.92%
Other liabilities	<u>2,570,542</u>	<u>2,819,215</u>	<u>82</u>	<u>643</u>	<u>2,570,624</u>	<u>2,819,858</u>	9.61%
Total liabilities	<u>\$ 4,078,205</u>	<u>\$ 4,056,751</u>	<u>\$ 82</u>	<u>\$ 643</u>	<u>\$ 4,078,287</u>	<u>\$ 4,057,394</u>	-0.51%
Net assets:							
Invested in capital assets, net of related debt	\$ 2,559,879	\$ 2,797,975	\$ 13,616	\$ 20,901	\$ 2,573,495	\$ 2,818,876	9.54%
Restricted	580,370	701,600	-	-	580,370	701,600	20.89%
Unrestricted	<u>1,110,220</u>	<u>1,254,069</u>	<u>20,045</u>	<u>32,968</u>	<u>1,130,265</u>	<u>1,287,037</u>	13.87%
Total net assets	<u>\$ 4,250,469</u>	<u>\$ 4,753,644</u>	<u>\$ 33,661</u>	<u>\$ 53,869</u>	<u>\$ 4,284,130</u>	<u>\$ 4,807,513</u>	12.22%

The District's combined net assets increased by 12 percent or \$516,768 over the prior year. The governmental activities increased \$496,560 and the business-type activities decreased \$20,208. The increase in the governmental activities was due to increases in the tax and intergovernmental revenues and cost saving measures implemented by the District for fiscal year 2009.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009.

Figure A-4
Changes in Net Assets from Operations

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		<u>Total % Change</u>
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	
Revenue:							
Program Revenue:							
Charges for services	\$ 958,385	\$ 987,677	\$ 164,678	\$ 177,729	\$ 1,123,063	\$ 1,165,406	3.77%
Operating and capital grants, contributions, and restricted interest	649,850	783,200	97,704	113,939	747,554	897,139	20.01%
General Revenue:							
Property tax	2,012,139	2,055,135	-	-	2,012,139	2,055,135	2.14%
Local surtax	275,979	289,297	-	-	275,979	289,297	4.83%
Local option sales tax	294,583	322,939	-	-	294,583	322,939	9.63%
State aid	2,071,995	2,076,345	-	-	2,071,995	2,076,345	.021%
Investment earnings	50,893	43,876	154	39	51,047	43,915	-13.97%
Other	32,561	-	-	10,565	32,561	10,565	-67.55%
Total revenues	\$ 6,346,385	\$ 6,558,469	\$ 262,536	\$ 302,272	\$ 6,608,921	\$ 6,860,741	3.81%
Expenses:							
Instruction	\$ 4,005,590	\$ 4,073,652	\$ -	\$ -	\$ 4,005,590	\$ 4,073,652	1.70%
Support services	1,692,463	1,678,130	-	-	1,692,463	1,678,130	-0.85%
Non-instructional	-	-	266,939	282,064	266,939	282,064	5.67%
Other expenses	236,004	303,512	-	-	236,004	303,512	28.60%
Total expenses	\$ 5,934,057	\$ 6,055,294	\$ 266,939	\$ 282,064	\$ 6,200,996	\$ 6,337,358	2.20%
Change in net assets	\$ 412,328	\$ 503,175	\$ (4,403)	\$ 20,208	\$ 407,925	\$ 523,383	28.30%

Property tax, local surtax, local option sales tax, and state aid account for 69% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 95% of the total expenses.

Figure A-5

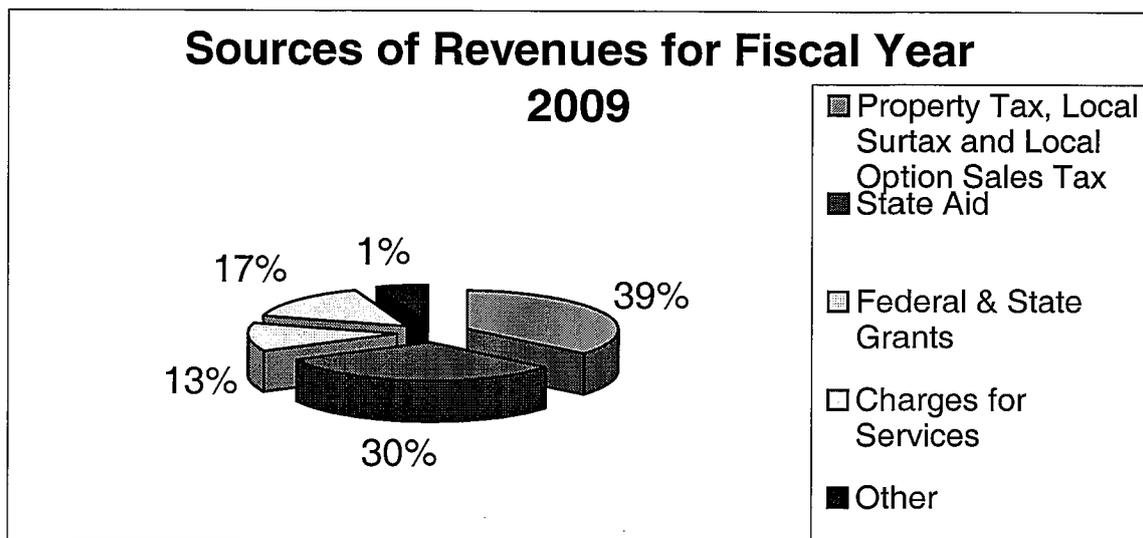
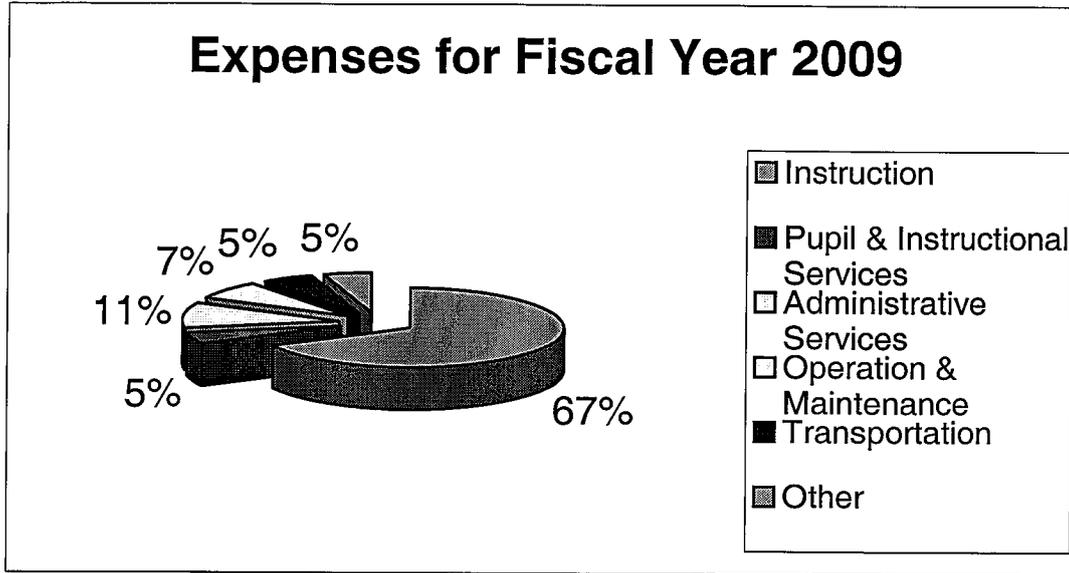


Figure A-6



Governmental Activities - Revenues for governmental activities were \$6,558,469 and expenses were \$6,055,294. 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, and other expenses.

Figure A-7

	<u>Total Cost of Services</u>		<u>%</u>	<u>Net Cost of Services</u>		<u>%</u>
	<u>2008</u>	<u>2009</u>	<u>Change</u>	<u>2008</u>	<u>2009</u>	<u>Change</u>
Instruction	\$ 4,005,590	\$ 4,073,652	1.70%	\$ 2,718,865	\$ 2,657,521	-2.26%
Support services	1,692,463	1,678,130	-0.85%	1,531,609	1,527,934	-0.24%
Other expenses	236,004	303,512	28.60%	61,851	98,962	60.00%
Total	\$ 5,934,057	\$ 6,055,294	2.04%	\$ 4,312,325	\$ 4,284,417	-0.65%

- The cost financed by users of the District's programs was \$987,677.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$783,200.
- The net cost of governmental activities was financed with \$2,055,135 in property taxes, \$2,076,345 in unrestricted state grants, \$289,297 in local surtax and \$322,939 in local option sales tax.

Business-Type Activities - Revenues for business-type activities (school food and nutrition services) totaled \$302,272 and expenses were \$282,064. 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.

Individual Fund Analysis - As previously noted, the 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 \$2,139,834, which is greater than last year's ending fund balances of \$1,974,412.

Governmental Fund Highlights

The General Fund balance increased from \$796,552 in fiscal 2008 to a balance of \$929,229 in fiscal 2009. The increase in the General fund balance is attributable to cost saving measures implemented by the District for fiscal year 2009.

The Management Levy fund balance increased from \$52,777 in fiscal 2008 to \$53,024 in fiscal 2009.

The Physical Plant and Equipment Levy (PPEL) fund balance increased from \$428,044 in fiscal 2008 to \$507,997 in fiscal 2009.

The Capital Projects LOST fund balance decreased from \$303,160 in fiscal 2008 to \$244,661 in fiscal 2009. The dollars generated in this fund are used for capital improvement projects in the District.

Proprietary Fund Highlights

School Nutrition fund net assets increased from \$33,661 at June 30, 2008 to \$53,869 at June 30, 2009.

Budgetary Highlights

The District's total revenues were \$122,183 less than budgeted revenues, a variance of 1.7 percent. The most significant variance resulted from the District receiving less from both state and local sources that originally anticipated. The District's total expenditures were \$2,088,178 less than budgeted, a variance of 23.8 percent. The most significant variances resulted from the District spending less in the instruction and support services functions than anticipated due to overly aggressive estimates for increases in costs.

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2009, the District had invested \$8,634,088 (historical cost) in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-8). Total depreciation expense for the year was \$298,804.

The largest changes in capital asset activity during the year occurred in the construction in progress category. The District completed a project to enclose middle school classrooms with permanent walls during the fiscal year and started a project to enclose high school and fifth grade classrooms with permanent walls that will be completed in fiscal year 2010.

Figure A-8 - Capital Assets

	Governmental Activities		Business-Type Activities		Total District		Total Change
	2008	2009	2008	2009	2008	2009	2008-2009
Land	\$ 11,388	\$ 11,388	\$ -	\$ -	\$ 11,388	\$ 11,388	-%
Land improvements	216,151	223,607	-	-	216,151	223,607	3.45%
Construction in progress	86,523	132,074	-	-	86,523	132,074	52.65%
Buildings and improvements	6,447,065	6,644,608	-	-	6,447,065	6,644,608	3.06%
Furniture and equipment	1,421,297	1,525,498	92,643	96,913	1,513,940	1,622,411	7.16%
Less: accumulated depreciation	(4,422,793)	(4,697,195)	(79,027)	(76,012)	(4,501,820)	(4,773,207)	6.03%
Total capital assets, net	<u>\$ 3,759,631</u>	<u>\$ 3,839,980</u>	<u>\$ 13,616</u>	<u>\$ 20,901</u>	<u>\$ 3,773,247</u>	<u>\$ 3,860,881</u>	<u>2.32%</u>

Long-Term Debt - As of June 30, 2009, the District had \$1,045,000 General Obligation Refunding Bonds, a \$11,647 note payable, and \$180,889 in early retirement obligations outstanding (total of \$1,237,536). Table A-9 summarizes the District's long-term debt as of June 30, 2009 and 2008. Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

Figure A-9 - Outstanding Long-Term Obligations

	Total District		Total Change
	June 30		June 30
	2008	2009	2008-2009
General obligation refunding bonds	\$ 1,200,000	\$ 1,045,000	-12.9%
Note payable	16,647	11,647	-30.0%
Early retirement	284,401	180,889	-36.4%
Compensated absences	6,615	-	-100.0%
	<u>\$ 1,507,663</u>	<u>\$ 1,237,536</u>	<u>-17.9%</u>

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:

- Under Iowa's school funding formula, the District is highly dependent on student enrollment. The District's did see an increase of 20 students for funding of the 2009-2010 school year. The District is always concerned with enrollment numbers because of past trends of declining enrollment.
- The District contracts with the Greater Hoyt District in South Dakota on a per student agreement. During the 2007 Legislative Session, the State of South Dakota enacted Senate Bill 157, which in part states that any school district that has a fall enrollment of less than one hundred and is not a sparse school district shall reorganize with another school district or school districts to create a newly reorganized district. The Greater Hoyt District must plan to reorganize effective July 1, 2009 (2009-2010 school year). The Greater Hoyt District did receive a one-year extension and is operating under a new contract with Akron-Westfield Community School District for the 2009-2010 school year. This situation could impact Akron-Westfield Community School District with a loss of revenue between \$97,000 and \$470,000 depending on future agreements.

We may also see a lag in funding in 2010-2011 because all monies will flow through the State of South Dakota to the State of Iowa and then to our District. Monies for funding from the State of Iowa are always in arrears.

- The statewide one (1) percent local option sales tax will continue to provide revenue for capital repairs and improvements, but at a lesser level than in the past due to state-wide economic conditions.
- American Recovery and Reinvestment Act of 2009 (ARRA) funds are being used in the District help save jobs that would have been affected by the reduction in state aid. The District is well aware of the "funding cliff" in 2011 when these funds are exhausted.
- The State of Iowa has seen a reduction in revenue, which has filtered down to school districts. The Governor has proposed a 10 percent across the board cut to funding for the 2009-2010 school year. This cut will be carried over to following school years. Tough financial times are predicted through fiscal year 2013.
- The District issued General Obligation Refunding Bonds - Series 2004 on December 1, 2005. This issue will have a savings of \$76,528 beginning over the period of FY 2007 through FY 2015, with the largest amount of \$54,800 in FY 2015.

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 Jodi Thompson, District Secretary/Treasurer, Akron-Westfield Community School District, 850 Kerr Drive, Akron, Iowa 51001.

BASIC FINANCIAL STATEMENTS

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,529,410	\$ 25,958	\$ 2,555,368
Receivables:			
Property tax:			
Current year	34,081	-	34,081
Succeeding year	2,157,905	-	2,157,905
Accounts	8,219	-	8,219
Accrued interest	1,747	-	1,747
Note receivable	91,800	-	91,800
Due from other funds	-	270	270
Due from other governments	132,611	-	132,611
Inventories	-	7,383	7,383
Deferred charges	14,642	-	14,642
Capital assets, net of accumulated depreciation	<u>3,839,980</u>	<u>20,901</u>	<u>3,860,881</u>
Total assets	<u>\$ 8,810,395</u>	<u>\$ 54,512</u>	<u>\$ 8,864,907</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 149,849	\$ 643	\$ 150,492
Salaries and benefits payable	488,072	-	488,072
Accrued interest payable	3,276	-	3,276
Deferred revenue - succeeding year property tax	2,157,905	-	2,157,905
Deferred revenue - other	19,843	-	19,843
Due to other funds	270	-	270
Long-term liabilities:			
Portion due within one year:			
Early retirement payable	42,561	-	42,561
Note payable	5,000	-	5,000
General obligation refunding bonds	165,000	-	165,000
Portion due after one year:			
Early retirement payable	138,328	-	138,328
Note payable	6,647	-	6,647
General obligation refunding bonds	<u>880,000</u>	<u>-</u>	<u>880,000</u>
Total liabilities	<u>\$ 4,056,751</u>	<u>\$ 643</u>	<u>\$ 4,057,394</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 2,797,975	\$ 20,901	\$ 2,818,876
Restricted for:			
State categorical aid	35,564	-	35,564
Physical plant and equipment levy	507,997	-	507,997
Other special revenue purposes	56,025	-	56,025
Debt service	102,014	-	102,014
Unrestricted	<u>1,254,069</u>	<u>32,968</u>	<u>1,287,037</u>
Total net assets	<u>\$ 4,753,644</u>	<u>\$ 53,869</u>	<u>\$ 4,807,513</u>
Total liabilities and net assets	<u>\$ 8,810,395</u>	<u>\$ 54,512</u>	<u>\$ 8,864,907</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,706,094	\$ 467,575	\$ 560,355	\$ -
Special instruction	713,090	88,847	29,664	-
Other instruction	654,468	262,581	7,109	-
	<u>\$ 4,073,652</u>	<u>\$ 819,003</u>	<u>\$ 597,128</u>	<u>\$ -</u>
Support services:				
Student services	\$ 187,175	\$ 7,640	\$ -	\$ -
Instructional staff services	88,435	-	-	-
Administration services	636,729	-	-	-
Operation and maintenance of plant services	442,739	106,142	-	-
Transportation services	323,052	33,238	3,176	-
	<u>\$ 1,678,130</u>	<u>\$ 147,020</u>	<u>\$ 3,176</u>	<u>\$ -</u>
Other expenses:				
Facilities acquisition	\$ 75,915	\$ 21,654	\$ -	\$ -
Long-term debt interest	44,701	-	-	-
AEA flow through	182,896	-	182,896	-
	<u>\$ 303,512</u>	<u>\$ 21,654</u>	<u>\$ 182,896</u>	<u>\$ -</u>
Total governmental activities	\$ 6,055,294	\$ 987,677	\$ 783,200	\$ -
Business type activities:				
Non-instructional programs:				
Food service operations	\$ 282,064	\$ 177,729	\$ 113,939	\$ -
Total	<u>\$ 6,337,358</u>	<u>\$ 1,165,406</u>	<u>\$ 897,139</u>	<u>\$ -</u>
GENERAL REVENUES:				
Property tax levied for:				
General purposes				
Debt service				
Management levy				
Physical plant and equipment levy				
Unrestricted state grants				
Unrestricted investment earnings				
Local surtax				
Local option sales tax				
Sale of equipment				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (1,678,164)	\$ -	\$ (1,678,164)
(594,579)	-	(594,579)
<u>(384,778)</u>	<u>-</u>	<u>(384,778)</u>
\$ <u>(2,657,521)</u>	\$ <u>-</u>	\$ <u>(2,657,521)</u>
\$ (179,535)	\$ -	\$ (179,535)
(88,435)	-	(88,435)
(636,729)	-	(636,729)
(336,597)	-	(336,597)
<u>(286,638)</u>	<u>-</u>	<u>(286,638)</u>
\$ <u>(1,527,934)</u>	\$ <u>-</u>	\$ <u>(1,527,934)</u>
\$ (54,261)	\$ -	\$ (54,261)
(44,701)	-	(44,701)
<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>(98,962)</u>	\$ <u>-</u>	\$ <u>(98,962)</u>
\$ (4,284,417)	\$ -	\$ (4,284,417)
\$ -	\$ 9,604	\$ 9,604
\$ <u>(4,284,417)</u>	\$ <u>9,604</u>	\$ <u>(4,274,813)</u>
\$ 1,693,096	\$ -	\$ 1,693,096
200,157	-	200,157
120,045	-	120,045
41,837	-	41,837
2,076,345	-	2,076,345
43,876	39	43,915
289,297	-	289,297
322,939	-	322,939
<u>-</u>	<u>10,565</u>	<u>10,565</u>
\$ <u>4,787,592</u>	\$ <u>10,604</u>	\$ <u>4,798,196</u>
\$ 503,175	\$ 20,208	\$ 523,383
4,250,469	33,661	4,284,130
<u>\$ 4,753,644</u>	<u>\$ 53,869</u>	<u>\$ 4,807,513</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Physical Plant and Equipment Levy</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and pooled investments	\$ 1,381,158	\$ 164,357	\$ 445,144	\$ 538,751	\$ 2,529,410
Receivables:					
Property tax:					
Current year	28,098	3,301	690	1,992	34,081
Succeeding year	1,818,359	204,713	44,834	89,999	2,157,905
Accounts	8,020	-	-	199	8,219
Accrued interest	-	-	-	1,747	1,747
Note receivable	-	-	-	91,800	91,800
Due from other funds	1,593	-	62,988	-	64,581
Due from other governments	<u>80,207</u>	<u>-</u>	<u>-</u>	<u>52,404</u>	<u>132,611</u>
Total assets	<u>\$ 3,317,435</u>	<u>\$ 372,371</u>	<u>\$ 553,656</u>	<u>\$ 776,892</u>	<u>\$ 5,020,354</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 61,312	\$ -	\$ 825	\$ 87,712	\$ 149,849
Salaries and benefits payable	488,072	-	-	-	488,072
Due to other funds	620	62,368	-	1,863	64,851
Deferred revenue:					
Succeeding year property tax	1,818,359	204,713	44,834	89,999	2,157,905
Other	<u>19,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,843</u>
Total liabilities	<u>\$ 2,388,206</u>	<u>\$ 267,081</u>	<u>\$ 45,659</u>	<u>\$ 179,574</u>	<u>\$ 2,880,520</u>
Fund balances:					
Reserved for:					
Debt service	\$ -	\$ 105,290	\$ -	\$ -	\$ 105,290
State categorical aid	35,564	-	-	-	35,564
Note receivable	-	-	-	91,800	91,800
Unreserved	<u>893,665</u>	<u>-</u>	<u>507,997</u>	<u>505,518</u>	<u>1,907,180</u>
Total fund balances	<u>\$ 929,229</u>	<u>\$ 105,290</u>	<u>\$ 507,997</u>	<u>\$ 597,318</u>	<u>\$ 2,139,834</u>
Total liabilities and fund balances	<u>\$ 3,317,435</u>	<u>\$ 372,371</u>	<u>\$ 553,656</u>	<u>\$ 776,892</u>	<u>\$ 5,020,354</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICTRECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDSTO THE STATEMENT OF NET ASSETSJUNE 30, 2009

Total fund balances of governmental funds	\$ 2,139,834
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,839,980
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.	(3,276)
Bond issue costs are reported in the governmental activities but are not reported in the governmental funds as they do not provide current economic resources.	14,642
Long-term liabilities, including bonds payable, notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,237,536)</u>
Net assets of governmental activities	<u>\$ 4,753,644</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	General	Debt Service	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 1,910,069	\$ 200,157	\$ 114,161	\$ 442,984	\$ 2,667,371
Tuition	497,991	-	-	-	497,991
Other	199,281	3,504	30,978	283,918	517,681
State sources	2,678,934	-	-	-	2,678,934
Federal sources	203,349	-	-	-	203,349
Total revenues	<u>\$ 5,489,624</u>	<u>\$ 203,661</u>	<u>\$ 145,139</u>	<u>\$ 726,902</u>	<u>\$ 6,565,326</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 2,597,959	\$ -	\$ -	\$ 63,722	\$ 2,661,681
Special instruction	677,068	-	-	-	677,068
Other instruction	362,180	-	-	259,228	621,408
Total instruction	<u>\$ 3,637,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,950</u>	<u>\$ 3,960,157</u>
Support services:					
Student services	\$ 177,295	\$ -	\$ -	\$ 425	\$ 177,720
Instructional staff services	78,868	-	-	5,100	83,968
Administration services	588,567	-	-	22,279	610,846
Operation and maintenance of plant services	390,313	-	-	30,061	420,374
Transportation services	296,801	-	-	9,932	306,733
Total support services	<u>\$ 1,531,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,797</u>	<u>\$ 1,599,641</u>
Other expenditures:					
Facilities acquisition	\$ -	\$ -	\$ 65,186	\$ 386,871	\$ 452,057
Long-term debt:					
Principal	-	160,000	-	-	160,000
Interest and fiscal charges	-	45,153	-	-	45,153
AEA flow through	182,896	-	-	-	182,896
Total other expenditures	<u>\$ 182,896</u>	<u>\$ 205,153</u>	<u>\$ 65,186</u>	<u>\$ 386,871</u>	<u>\$ 840,106</u>
Total expenditures	<u>\$ 5,351,947</u>	<u>\$ 205,153</u>	<u>\$ 65,186</u>	<u>\$ 777,618</u>	<u>\$ 6,399,904</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 137,677	\$ (1,492)	\$ 79,953	\$ (50,716)	\$ 165,422
Other financing sources (uses):					
Transfers (to) from other funds	(5,000)	5,000	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ 132,677	\$ 3,508	\$ 79,953	\$ (50,716)	\$ 165,422
Fund balances beginning of year	796,552	101,782	428,044	648,034	1,974,412
Fund balances end of year	<u>\$ 929,229</u>	<u>\$ 105,290</u>	<u>\$ 507,997</u>	<u>\$ 597,318</u>	<u>\$ 2,139,834</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES ANDCHANGES IN FUND BALANCES - GOVERNMENTAL FUNDSTO THE STATEMENT OF ACTIVITIESYEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds \$ 165,422

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	\$ 376,143	
Depreciation expense	<u>(295,794)</u>	80,349

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 160,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 452

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

Early retirement	92,590	
Compensated absences	<u>6,615</u>	99,205

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. (2,253)

Change in net assets of governmental activities \$ 503,175

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICTSTATEMENT OF NET ASSETS - PROPRIETARY FUNDJUNE 30, 2009

	<u>School Nutrition</u>
ASSETS:	
Cash and cash equivalents	\$ 25,958
Due from other funds	270
Inventories	7,383
Capital assets, net of accumulated depreciation	<u>20,901</u>
 Total assets	 <u>\$ 54,512</u>
LIABILITIES:	
Accounts payable	\$ 643
Total liabilities	<u>\$ 643</u>
NET ASSETS:	
Invested in capital assets, net of related debt	\$ 20,901
Unrestricted	<u>32,968</u>
Total net assets	<u>\$ 53,869</u>
 Total liabilities and net assets	 <u>\$ 54,512</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -PROPRIETARY FUNDSYEAR ENDED JUNE 30, 2009

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ <u>177,729</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 104,473
Benefits	33,352
Purchased services	2,042
Supplies	139,187
Depreciation	<u>3,010</u>
Total operating expenses	\$ <u>282,064</u>
Operating loss	\$ <u>(104,335)</u>
Non-operating revenues:	
Interest income	\$ 39
State sources	3,388
Federal sources	93,030
Food distribution	17,521
Gain on sale of assets	<u>10,565</u>
Total non-operating revenues	\$ <u>124,543</u>
Change in net assets	\$ 20,208
Net assets beginning of year	<u>33,661</u>
Net assets end of year	<u>\$ 53,869</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 177,729
Cash paid to employees for services	(137,825)
Cash paid to suppliers for goods or services	<u>(122,164)</u>
Net cash used by operating activities	<u>\$ (82,260)</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,388
Federal grants received	<u>93,030</u>
Net cash provided by non-capital financing activities	<u>\$ 96,418</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	\$ 10,295
Acquisition of capital assets	<u>(10,295)</u>
Net cash used by capital and related financing activities	<u>\$ -</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 39</u>
Net change in cash and cash equivalents	\$ 14,197
Cash and cash equivalents beginning of year	<u>11,761</u>
Cash and cash equivalents end of year	<u><u>\$ 25,958</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (104,335)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	14,971
Depreciation	3,010
Decrease in inventories	3,533
Increase in accounts payable	<u>561</u>
Net cash used by operating activities	<u><u>\$ (82,260)</u></u>
Non-cash investing, capital and financing activities:	
During the year ended June 30, 2009, the District received \$17,521 of federal commodities.	

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDSJUNE 30, 2009

	<u>Agency Funds</u>	
	<u>Employee</u>	<u>Athletic</u>
	<u>Flex Account</u>	<u>Boosters</u>
ASSETS:		
Cash and pooled investments	\$ 2,110	\$ -
Accounts receivable	<u>-</u>	<u>2,978</u>
Total assets	<u>\$ 2,110</u>	<u>\$ 2,978</u>
LIABILITIES:		
Due to others	\$ 2,110	\$ -
Outstanding checks in excess of cash	<u>-</u>	<u>2,978</u>
Total liabilities	<u>\$ 2,110</u>	<u>\$ 2,978</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Akron-Westfield Community School District (the District) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic areas served include the Cities of Akron and Westfield, Iowa, the predominant agricultural territory in Plymouth County, and the Greater Hoyt Independent School District in Union County, South Dakota through the Interstate School District Compact. 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 (GASB).

A. Reporting Entity - For financial reporting purposes, the 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 GASB 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 District has no component units which meet the GASB criteria.

B. Basis of Presentation

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

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

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 that do not meet 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 that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The Physical Plant and Equipment Levy Fund accounts for a regular property tax levy and a special voted property tax levy per thousand dollars of assessed valuation in the District for use in the purchase of equipment and repairing and improving schoolhouse buildings and grounds.

The District reports the following major proprietary fund:

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

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds included the following:

The Employee Flex Account fund is used to account for employee contributions to flexible spending accounts and for disbursements made to those employees for the eligible expenses they incur.

The Athletic Boosters fund is used to account for revenues earned and expenditures incurred by the District's Athletic Boosters.

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

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

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1-1/2 percent per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

Asset Class

Land	\$	2,000
Building and improvements		10,000
Furniture and equipment:		
School Nutrition Fund equipment		500
Other furniture and equipment		2,000

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

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

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of 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 succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent American Recovery and Reinvestment Act proceeds.

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 that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

Subsequent Events - The District evaluated for subsequent events through November 10, 2009, the date which the District's financial statements were available to be issued.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, no expenditures exceeded the amounts budgeted.

NOTE 2 - CASH AND POOLED INVESTMENTS:

The District's deposits in banks at June 30, 2009 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 ensure there will be no loss of public funds.

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

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust, as follows:

	Amortized Cost
Diversified Portfolio	<u>\$ 56,953</u>

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

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

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS:

As of June 30, 2009, interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
PPEL	General	\$ 620
School Nutrition	Capital Projects	\$ 270
PPEL	Debt Service	\$ 62,368
General	Capital Projects	\$ 1,593

The above interfund borrowings were the result of the following:

- General Fund expenses were incorrectly paid out of the PPEL Fund.
- Insurance reimbursements were incorrectly received in the Capital Projects Fund rather than the School Nutrition Fund.
- The original bond payment on the general obligation refunding bonds outstanding was made out of the PPEL fund rather than the Debt Service Fund.
- Capital Projects Fund expenses were incorrectly paid out of the General Fund.

NOTE 4 - INTERFUND TRANSFERS:

During the year ended June 30, 2009, \$5,000 was transferred from the General Fund to the Debt Service Fund in order to provide for principal payments on the District's long-term debt.

NOTE 5 - NOTE RECEIVABLE:

The District has a \$91,800 note receivable outstanding as of June 30, 2009 from the Greater Hoyt School District (Hoyt). This represents the remaining amount due based on an agreement to share in the cost of a new building addition (completed in 1995) based on the number of Hoyt students attending the District at that time. The note is non-interest bearing and matures \$15,300 annually through June 30, 2015.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 6 - CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning <u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	Balance End <u>of Year</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 11,388	\$ -	\$ -	\$ 11,388
Construction in progress	<u>86,523</u>	<u>132,074</u>	<u>86,523</u>	<u>132,074</u>
Total capital assets not being depreciated	<u>\$ 97,911</u>	<u>\$ 132,074</u>	<u>\$ 86,523</u>	<u>\$ 143,462</u>
Capital assets being depreciated:				
Buildings	\$ 6,447,065	\$ 197,543	\$ -	\$ 6,644,608
Improvements other than buildings	216,151	7,456	-	223,607
Furniture and equipment	<u>1,421,297</u>	<u>125,593</u>	<u>21,392</u>	<u>1,525,498</u>
Total capital assets being depreciated	<u>\$ 8,084,513</u>	<u>\$ 330,592</u>	<u>\$ 21,392</u>	<u>\$ 8,393,713</u>
Less accumulated depreciation for:				
Buildings	\$ 2,996,381	\$ 189,953	\$ -	\$ 3,186,334
Improvements other than buildings	171,769	10,030	-	181,799
Furniture and equipment	<u>1,254,643</u>	<u>95,811</u>	<u>21,392</u>	<u>1,329,062</u>
Total accumulated depreciation	<u>\$ 4,422,793</u>	<u>\$ 295,794</u>	<u>\$ 21,392</u>	<u>\$ 4,697,195</u>
Total capital assets being depreciated, net	<u>\$ 3,661,720</u>	<u>\$ 34,798</u>	<u>\$ -</u>	<u>\$ 3,696,518</u>
Governmental activities capital assets, net	<u>\$ 3,759,631</u>	<u>\$ 166,872</u>	<u>\$ 86,523</u>	<u>\$ 3,839,980</u>
Business type activities:				
Furniture and equipment	\$ 92,643	\$ 10,295	\$ 6,025	\$ 96,913
Less accumulated depreciation	<u>79,027</u>	<u>3,010</u>	<u>6,025</u>	<u>76,012</u>
Business type activities capital assets, net	<u>\$ 13,616</u>	<u>\$ 7,285</u>	<u>\$ -</u>	<u>\$ 20,901</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 6 - CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 141,608
Special	36,022
Other	<u>33,060</u>
	<u>\$ 210,690</u>

Support services:

Student	\$ 9,455
Instructional staff	4,467
Administration	32,498
Operation and maintenance of plant	22,365
Transportation	<u>16,319</u>
	<u>\$ 85,104</u>

Total depreciation expense - governmental activities \$ 295,794

Business type activities:

Food service operations	<u>\$ 3,010</u>
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NOTE 7 - LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	-	Reductions	Balance End of Year	Due Within One Year
General obligation refunding bonds	\$ 1,200,000	\$ -	-	\$ 155,000	\$ 1,045,000	\$ 165,000
Note payable	16,647	-	-	5,000	11,647	5,000
Early retirement	284,401	-	-	103,512	180,889	42,561
Compensated absences	<u>6,615</u>	<u>-</u>	<u>-</u>	<u>6,615</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,507,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,127</u>	<u>\$ 1,237,536</u>	<u>\$ 212,561</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED):

General Obligation Refunding Bonds - Details of the District's June 30, 2009 general obligation refunding bonds indebtedness are as follows:

Year Ending <u>June 30,</u>	Bond Issue of December 1, 2004		
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2010	3.40%	\$ 165,000	\$ 39,313
2011	3.60%	170,000	33,703
2012	3.70%	180,000	27,583
2013	3.85%	185,000	20,923
2014	4.00%	195,000	13,800
2015	4.00%	<u>150,000</u>	<u>6,000</u>
Total		<u>\$ 1,045,000</u>	<u>\$ 141,322</u>

These bonds are direct obligations and pledge the full faith and credit of the District.

Note Payable - Details of the District's note payable are as follows:

During the year ended June 30, 2001, the District entered into a \$51,647 loan agreement evidenced by a note payable with the Hoyt School District to purchase a school bus. The note is non-interest bearing and is being repaid with a reduction of transportation charges over ten years. The future maturities of the note payable are as follows:

Year Ending <u>June 30,</u>	
2010	\$ 5,000
2011	5,000
2012	<u>1,647</u>
	<u>\$ 11,647</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED):

Early Retirement - During 1993, the District's Board of Education established an early retirement policy. All licensed professional employees who have completed at least 15 years of service with the District and are between the ages of 55 and 62 are eligible to make application for retirement benefits. Benefits are payable in two equal installments on January 20 of the two succeeding years after retirement. Benefits are based upon thirty percent of the employee's current salary plus 0.5 percent of current salary for each year of credited experience. In addition, the District provides a monthly benefit of \$300 for employees retiring in fiscal year 2004 and \$425 for employees retiring in fiscal year 2005 and thereafter, until the earlier of the employee's death or reaching age 65.

At June 30, 2009, the District had obligations to nine participants with a total liability of \$180,889 extending through the year ending June 30, 2017. Early retirement benefits paid during the year ended June 30, 2009 totaled \$50,658. The total liability for early retirement is recorded in the government-wide financial statements.

NOTE 8 - 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 4.10 percent of their annual covered salary and the District is required to contribute 6.35 percent of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$224,744, \$201,700, and \$180,574, respectively, equal to the required contributions for each year.

NOTE 9 - 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.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 10 - 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 \$182,896 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 11 - CONSTRUCTION COMMITMENTS:

The District had entered into a construction contract totaling \$161,993 for the school renovations. As of June 30, 2009, costs of \$75,001 have been incurred against the contract. The balance of \$86,992 remaining at June 30, 2009 will be paid as work on the project progresses.

NOTE 12 - LEASE COMMITMENT:

The District is using operating leases to rent copier equipment. The minimum lease payments required are as follows:

Year Ending <u>June 30,</u>	Lease <u>Payment</u>
2010	\$ 24,540
2011	23,955
2012	22,200
2013	22,200
2014	<u>3,235</u>
	<u>\$ 96,130</u>

NOTE 13 - NEW GASB STATEMENT:

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement will be implemented by the District during the fiscal year ending June 30, 2010. This statement establishes standards for measuring, recognizing and disclosing other postemployment benefit expenses and the related liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

AKRON-WESTFIELD 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, 2009

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
Revenues:			
Local sources	\$ 3,683,043	\$ 188,333	\$ 3,871,376
State sources	2,678,934	3,388	2,682,322
Federal sources	<u>203,349</u>	<u>110,551</u>	<u>313,900</u>
Total revenues	<u>\$ 6,565,326</u>	<u>\$ 302,272</u>	<u>\$ 6,867,598</u>
Expenditures/Expenses:			
Instruction	\$ 3,960,157	\$ -	\$ 3,960,157
Support services	1,599,641	-	1,599,641
Non-instructional programs	-	282,064	282,064
Other expenditures	<u>840,106</u>	<u>-</u>	<u>840,106</u>
Total expenditures/expenses	<u>\$ 6,399,904</u>	<u>\$ 282,064</u>	<u>\$ 6,681,968</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 165,422	\$ 20,208	\$ 185,630
Balances beginning of year	<u>1,974,412</u>	<u>33,661</u>	<u>2,008,073</u>
Balances end of year	<u>\$ 2,139,834</u>	<u>\$ 53,869</u>	<u>\$ 2,193,703</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Actual</u>
		<u>Variance</u>
\$ 3,953,055	\$ 3,953,055	\$ (81,679)
2,762,726	2,762,726	(80,404)
<u>274,000</u>	<u>274,000</u>	<u>39,900</u>
<u>\$ 6,989,781</u>	<u>\$ 6,989,781</u>	<u>\$ (122,183)</u>
\$ 4,300,197	\$ 4,300,197	\$ 340,040
3,026,200	3,026,200	1,426,559
324,664	324,664	42,600
<u>1,119,085</u>	<u>1,119,085</u>	<u>278,979</u>
<u>\$ 8,770,146</u>	<u>\$ 8,770,146</u>	<u>\$ 2,088,178</u>
<u>\$ (1,780,365)</u>	<u>\$ (1,780,365)</u>	<u>\$ 1,965,995</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2009

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2009, the District had no budget amendments.

OTHER SUPPLEMENTARY INFORMATION

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICTCOMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

ASSETS

	<u>Special Revenue</u>			<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Capital Projects</u>	
Cash and pooled investments	\$ 54,250	\$ 182,417	\$ 302,084	\$ 538,751
Receivables:				
Property tax:				
Current year	1,992	-	-	1,992
Succeeding year	89,999	-	-	89,999
Accounts	-	199	-	199
Accrued interest	-	1,747	-	1,747
Note receivable	-	-	91,800	91,800
Due from other governments	-	-	52,404	52,404
	<u>-</u>	<u>-</u>	<u>52,404</u>	<u>52,404</u>
Total assets	<u>\$ 146,241</u>	<u>\$ 184,363</u>	<u>\$ 446,288</u>	<u>\$ 776,892</u>

LIABILITIES AND FUND EQUITY

Liabilities:				
Accounts payable	\$ 3,218	\$ 473	\$ 84,021	\$ 87,712
Due to other funds	-	-	1,863	1,863
Deferred revenue:				
Succeeding year property tax	89,999	-	-	89,999
Total liabilities	<u>\$ 93,217</u>	<u>\$ 473</u>	<u>\$ 85,884</u>	<u>\$ 179,574</u>
Fund equity:				
Reserved for note receivable	\$ -	\$ -	\$ 91,800	\$ 91,800
Unreserved fund balances	53,024	183,890	268,604	505,518
Total fund balance	<u>\$ 53,024</u>	<u>\$ 183,890</u>	<u>\$ 360,404</u>	<u>\$ 597,318</u>
Total liabilities and fund equity	<u>\$ 146,241</u>	<u>\$ 184,363</u>	<u>\$ 446,288</u>	<u>\$ 776,892</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	<u>Special Revenue</u>			<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Capital Projects</u>	
Revenues:				
Local sources:				
Local tax	\$ 120,045	\$ -	\$ 322,939	\$ 442,984
Other	<u>11,721</u>	<u>266,764</u>	<u>5,433</u>	<u>283,918</u>
Total revenues	<u>\$ 131,766</u>	<u>\$ 266,764</u>	<u>\$ 328,372</u>	<u>\$ 726,902</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 63,722	\$ -	\$ -	\$ 63,722
Other instruction	<u>-</u>	<u>259,228</u>	<u>-</u>	<u>259,228</u>
	<u>\$ 63,722</u>	<u>\$ 259,228</u>	<u>\$ -</u>	<u>\$ 322,950</u>
Support services:				
Student services	\$ 425	\$ -	\$ -	\$ 425
Instructional staff services	5,100	-	-	5,100
Administration services	22,279	-	-	22,279
Operation and maintenance of plant services	30,061	-	-	30,061
Transportation services	<u>9,932</u>	<u>-</u>	<u>-</u>	<u>9,932</u>
	<u>\$ 67,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,797</u>
Other expenditures:				
Facilities acquisition	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,871</u>	<u>\$ 386,871</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,871</u>	<u>\$ 386,871</u>
Total expenditures	<u>\$ 131,519</u>	<u>\$ 259,228</u>	<u>\$ 386,871</u>	<u>\$ 777,618</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 247	\$ 7,536	\$ (58,499)	\$ (50,716)
Fund balances beginning of year	<u>52,777</u>	<u>176,354</u>	<u>418,903</u>	<u>648,034</u>
Fund balances end of year	<u>\$ 53,024</u>	<u>\$ 183,890</u>	<u>\$ 360,404</u>	<u>\$ 597,318</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

YEAR ENDED JUNE 30, 2009

ACCOUNT:	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Ag. and industrial arts resale	\$ 2,947	\$ 425	\$ 100	\$ -	\$ 3,272
Art club	1,514	550	300	-	1,764
Art-Science trip	-	14,874	14,686	-	188
Athletics	29,793	85,157	73,847	-	41,103
Athletic pop	20,078	6,097	5,530	-	20,645
AW store	3,787	2,330	5,095	-	1,022
Class of 2010	-	7,235	7,468	233	-
Class of 2009	616	-	-	-	616
Climate committee	-	-	114	114	-
Coaches towels	-	6,952	4,091	-	2,861
Community service day	250	-	-	-	250
Concessions	4,591	26,205	26,175	-	4,621
Drill team	2,370	16,153	14,923	-	3,600
Family Career Community Leader of America	1,537	392	461	-	1,468
Flags	602	-	-	-	602
Future Farmers of America	8,831	23,966	27,596	-	5,201
High school student council	7,761	4,092	4,241	-	7,612
High school outing donation	-	497	-	-	497
Home economics	386	-	-	-	386
Interest/Student management	20,590	4,624	3,311	(347)	21,556
Kindergarten milk	2,121	1,128	869	-	2,380
Lakeside lab	1,149	6,651	6,596	-	1,204
Middle school student council	9,966	5,530	9,434	-	6,062
Music - instrumental	6,132	6,955	5,386	-	7,701
Music - vocal	9,056	8,791	8,248	-	9,599
National Honor Society	-	334	169	-	165
PBS	1,572	2,893	2,205	-	2,260
Pep club	3,527	1,278	273	-	4,532
Physical education revolving	8,805	753	3	-	9,555
Pictures	1,871	-	-	-	1,871
Project prom	1,686	4,621	4,588	-	1,719
Revolving	521	-	-	-	521
Scholarship	711	-	-	-	711
Speech	3,290	823	3,032	-	1,081
TAG	-	977	884	-	93
Textbooks	400	14,594	14,594	-	400
Thespians	4,016	2,536	4,707	-	1,845
Towel	11,250	1,776	986	-	12,040
Western Roundup	4,628	7,575	9,316	-	2,887
Total	\$ 176,354	\$ 266,764	\$ 259,228	\$ -	\$ 183,890

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>ASSETS</u>				
Employee Flex Account:				
Cash and pooled investments	\$ 3,841	\$ 41,524	\$ 43,255	\$ 2,110
Total assets	<u>\$ 3,841</u>	<u>\$ 41,524</u>	<u>\$ 43,255</u>	<u>\$ 2,110</u>
<u>LIABILITIES</u>				
Due to others	\$ 3,841	\$ 41,524	\$ 43,255	\$ 2,110
Total liabilities	<u>\$ 3,841</u>	<u>\$ 41,524</u>	<u>\$ 43,255</u>	<u>\$ 2,110</u>
<u>ASSETS</u>				
Athletic Boosters:				
Cash and pooled investments	\$ 1,076	\$ 1,162	\$ 2,238	\$ -
Accounts receivable	-	2,978	-	2,978
Total assets	<u>\$ 1,076</u>	<u>\$ 4,140</u>	<u>\$ 2,238</u>	<u>\$ 2,978</u>
<u>LIABILITIES</u>				
Due to others	\$ 1,076	\$ 1,162	\$ 2,238	\$ -
Outstanding checks in excess of cash	-	2,978	-	2,978
Total liabilities	<u>\$ 1,076</u>	<u>\$ 4,140</u>	<u>\$ 2,238</u>	<u>\$ 2,978</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS

FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	\$ 2,667,371	\$ 2,582,687	\$ 2,626,442	\$ 2,527,810	\$ 2,361,791
Tuition	497,991	529,388	582,247	656,329	579,088
Other	517,681	491,531	574,622	569,013	486,195
State sources	2,678,934	2,576,808	2,466,557	2,315,907	2,466,637
Federal sources	<u>203,349</u>	<u>165,957</u>	<u>180,968</u>	<u>236,879</u>	<u>177,232</u>
Total	<u>\$ 6,565,326</u>	<u>\$ 6,346,371</u>	<u>\$ 6,430,836</u>	<u>\$ 6,305,938</u>	<u>\$ 6,070,943</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 2,661,681	\$ 2,592,924	\$ 2,417,078	\$ 2,268,824	\$ 2,169,018
Special instruction	677,068	639,231	585,123	558,794	546,674
Other instruction	621,408	604,438	660,313	695,396	717,219
Support services:					
Student services	177,720	179,291	173,562	169,917	161,488
Instructional staff services	83,968	128,926	98,475	138,848	156,101
Administration services	610,846	511,506	504,489	518,034	512,645
Operation and maintenance of plant services	420,374	529,775	558,584	651,804	421,483
Transportation services	306,733	326,744	358,803	364,074	328,578
Non-instructional programs	-	-	-	-	500
Other expenditures:					
Facilities acquisition	452,057	156,079	340,670	33,686	516
Long-term debt:					
Principal	160,000	245,903	257,501	109,989	217,611
Interest and other charges	45,153	53,613	62,198	148,392	154,390
AEA flow through	<u>182,896</u>	<u>174,153</u>	<u>169,290</u>	<u>162,508</u>	<u>184,103</u>
Total	<u>\$ 6,399,904</u>	<u>\$ 6,142,583</u>	<u>\$ 6,186,086</u>	<u>\$ 5,820,266</u>	<u>\$ 5,570,326</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
Akron-Westfield 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 Akron-Westfield Community School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 10, 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 the 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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 the 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 the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

To the Board of Education
Akron-Westfield Community School District

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 I-A-09, I-B-09, and I-C-09 are material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 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.

The District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit the 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 the District and other parties to whom the District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the 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.

November 10, 2009
Sioux City, Iowa

King, Reinsch, Prosser & Co., L.L.P.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

MATERIAL WEAKNESSES:

I-A-09 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetrate and conceal errors or irregularities. To accomplish proper segregation of duties, the system, insofar as possible, should provide for different individuals to perform the functions of (a) authorizing transactions, (b) recording transactions, (c) maintaining custody of the assets that result from transactions, and (d) comparing assets with the related amounts recorded in the accounting records. In performing our audit, we noted that the Business Manager has primary responsibility for many accounting and financial duties.

Recommendation - The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions.

Response - The District understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. The District will review its procedures and implement changes as deemed necessary.

Conclusion - Response accepted.

I-B-09 Preparation of Financial Statements in Accordance with GAAP - The financial statements are the responsibility of the District's management. Part of that responsibility is satisfied by either (a) management preparing the financial statements in accordance with GAAP or (b) management demonstrating the necessary GAAP expertise when reviewing and approving financial statements (that the auditor has assisted in drafting) and the various schedules and calculations used to prepare such financial statements. Management does review draft financial statements prior to issuance but does not fully possess a knowledge of the District's GAAP financial reporting process.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2009

(CONTINUED)

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

Recommendation - We recommend management review the District's GAAP financial reporting process and seek the necessary guidance/training so as to more fully understand the process to prepare the District's financial statements in accordance with GAAP.

Response - The District understands the nature of the weakness and the necessity for management to further its understanding of GAAP financial reporting. The District will implement changes as deemed necessary.

Conclusion - Response accepted.

I-C-09 Adjustments to Financial Statements - During the audit, we identified material amounts of receivables, payables and capital assets additions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation - The District should implement procedures to ensure all receivables, payables and capital assets additions are identified and included in the District's financial statements.

Response - We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion - Response accepted.

Part II: Other Findings Related to Statutory Reporting

II-A-09 Certified Budget - Expenditures for the year ended June 30, 2009 did not exceed the certified budget amount.

II-B-09 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2009

(CONTINUED)

Part II: Other Findings Related to Statutory Reporting (Continued)

II-D-09 Business Transactions - Business transactions between the District and District officials or employees noted during the year ended June 30, 2009 are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Kevin DeRocher, self-employed contractor, Board Member	Grounds Maintenance	\$ <u>75</u>

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - No transactions requiring Board approval that had not been approved by the Board were noted.

II-G-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-09 Deposits and Investments - 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 were noted.

II-I-09 Certified Annual Report - The Certified Annual Report was certified to the Department of Education timely.

II-J-09 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

II-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2009

(CONTINUED)

Part II: Other Findings Related to Statutory Reporting (Continued)

Pursuant to Chapter 423F.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	-
Statewide sales and services tax revenue			322,939
Expenditures/transfers out:			
School infrastructure:			
Buildings and other improvements	\$	15,562	
Equipment		<u>307,377</u>	<u>322,939</u>
Ending balance		\$	<u><u>-</u></u>

II-L-09 Financial Condition - No funds had a deficit fund balance at June 30, 2009.